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WORLD NEWS

Libyans in anti-US rallies

Libya reported yesterday that massive anti-American demonstrations continued in many towns in response to US and Israeli threats to retaliate for last week's attacks at Rome and Vienna airports in which 19 people died.

US television networks reported that American forces in the east Mediterranean were being built up in case a retaliatory strike was ordered.

Libyan Foreign Minister Ali al-Faraj denied any part in the "deplorable blood outages" and "vigorously condemned" them in a letter to UN Secretary-General Javier Perez de Cuellar.

Spain warned on Nato

Spain's Nato allies would consider the alliance gravely weakened if the country decided to withdraw, Nato Secretary General Lord Carrington said in Madrid, Page 2

Giscard looks ahead

Former French President Valéry Giscard d'Estaing said he favoured "cohabitation" with Socialist President Mitterrand if the Right won parliamentary elections in March, Page 2

Poland recalls envoy

Poland dismissed its ambassador to Moscow, Stanislaw Kociolek, a hardline opponent of Warsaw leader Gen Wojciech Jaruzelski.

McGuinness goes free

Leading Sinn Fein member Martin McGuinness was released without charge after six days of questioning by Northern Ireland police.

Pressure for equality

Pressure on employers to promote equal opportunities for women and ethnic minorities will increase this year, a report by pay consultants said, Page 4

Marching for Gartcosh

Nine campaigners, including politicians from all the main parties, began a 450-mile walk to London to protest at the planned closure of the Gartcosh steelworks near Glasgow, Page 4

Sri Lanka checks tea

Sri Lanka authorities began checking tea exports after reports that Tamil separatists had poisoned some with arsenic.

Gold smugglers fined

Businessmen Walter Senior and Frederick Marshall were fined a total of £3,000 in Lincoln for smuggling kruggerands worth £98,000 into Britain in a light aircraft from Jersey.

Hong Kong study

A team of Chinese legal experts is in Hong Kong today to study views on how the territory should be run after 1997, Page 2

Goup suspects killed

A group of Nigerian officers accused of plotting a coup last month died when the aircraft bringing them to Lagos crashed, the Government said.

Elbe oil spill

A Panama-registered tanker, the Brady Maria, split 100 tonnes of oil into the Elbe estuary near Hamburg after colliding with a British freighter, the Weylink.

Hollywood 'paranoia'

American films like Rambo created an atmosphere of paranoia about the Soviet Union in the US, Soviet Deputy Culture Minister Georgy Ivanov said.

Dustin Gee dies

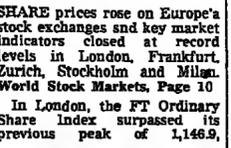
Television comedian and impressionist Dustin Gee, 43, died in a Southampton hospital. He suffered a heart attack during a pantomime on Wednesday.

BUSINESS SUMMARY

FT Index up 11.1 to fresh peak

SHARE prices rose on Europe's stock exchanges and key market indicators closed at record levels in London, Frankfurt, Zurich, Stockholm and Milan. World Stock Markets, Page 10

In London, the FT Ordinary Share Index surpassed its previous peak of 1,146.9.



DOLLAR recovered in response to comments by the Governor of the Bank of Japan on the need for the yen to settle at its present level, to London the US currency closed 23.55 higher at ¥202.8 and gained 2.35 pence to DM 2.461. Its index was up from 125.4 to 126.1, Page 11

PHILLIPS Petroleum has won a court award of Nkr 140m (£12.8m) and Nkr 675,000 costs against the Norwegian Government over royalties on Ekofisk oil output, Back Page

BOEING of the US has won a court award of \$2bn (£1.4bn) which includes further orders from Japan Air Lines for 747 Jumbos, Back Page

FRENCH KIER construction group fighting a £11.5m bid from house-builder C. H. Beazer, gave estimates of higher taxable profits and dividends for 1985, Back Page

UNIT TRUSTS: European funds dominated the 1985 performance tables. The best result came from Oppenheimer's European Growth Trust which gained 84.9 per cent over the year.

BRITAIN'S gold and foreign currency reserves fell by an underlining \$416m in December. It was the largest monthly decline for three years, Page 3

NCB has shut 24 pits in the past six months and says a few more must close if coal output is to be brought in line with demand, South Wales has been hit hardest, Page 4

GKN has sold its fasteners division to the management for £11.6m in a financing operation co-ordinated by Citicorp Venture Capital, Page 8

TRADEWINDS, UK cargo airline wholly owned by Lorrho, said it was ceasing to trade because of over-capacity in the market, Page 4

TOWNSEND Thorsea ferry services dispute at Dover ended with a deal to refer the issue and any local disagreements in future to independent arbitration, Page 4

REDFORD, commercial vehicles division of General Motors of the US, is to cut six days' production at its Luton plant this month to reduce stocks, Page 3

INTERNATIONAL City Holdings, money broker, may acquire MKI Investments, a New York-based security broker, in a deal worth up to \$15m (£10m), Page 8

SHAW CARPETS made a pre-tax loss of £564,000 for the six months to November 1, against a £33,000 profit, Page 6

Westland in talks to improve terms of Sikorsky/Fiat offer

BY LIONEL BARBER, BRIDGET BLOOM AND IVOR OWEN

TALKS BETWEEN Westland, Britain's sole helicopter maker, and its favoured partner Sikorsky/Fiat, are to continue this weekend in an effort to agree on an improved rescue plan for the company.

The negotiations are mainly designed to improve the financial terms of the offer put forward by the US helicopter manufacturer and its Italian partner, which Westland has conceded are inferior to the proposal by a consortium of five European aerospace manufacturers.

Mr Michael Heseltine, the Defence Secretary, yesterday ignored the Prime Minister's efforts to damp down the Cabinet controversy over Westland and continued to underline the advantages of the European offer.

In a letter to Mr David Horne, the Defence Secretary, yesterday, the Prime Minister's efforts to damp down the Cabinet controversy over Westland and continued to underline the advantages of the European offer.

Mr Michael Heseltine, the Defence Secretary, yesterday ignored the Prime Minister's efforts to damp down the Cabinet controversy over Westland and continued to underline the advantages of the European offer.

The difficulties facing the negotiators appear to centre on two key issues.

Legal opinion is divided on whether Sikorsky/Fiat can produce a new offer without Westland being required under company law to postpone the shareholders vote at the extraordinary meeting.

Sir John, however, has made it clear that he wants the battle over the future of Westland, which has raged in Whitehall and in Parliament for the past four weeks, to be resolved quickly in the interests of the workforce and the company's shareholders.

Equally, Sir John is understood to be wary of postponing the meeting because it would give the European consortium

MoD to spend £900m on submarines and torpedoes

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

ORDERS worth close to £1bn for four submarines and Sting Ray torpedoes were announced by the Ministry of Defence yesterday.

The submarine orders, worth £500m, will go to the VSEL group, which comprises Vickers Shipbuilding and Engineering and Cammel Laird. Three of the vessels are of the diesel electric Type 2100 or Upholder class, and the other, costing some £200m including weapons systems, is a nuclear-powered Trafalgar class hunter-killer submarine.

Orders for some 2,000 Sting Ray torpedoes worth about £400m have been placed with Marconi Underwater Systems, the CEC subsidiary, which has developed the weapon.

Mr Norman Lamont, minister in charge of defence procurement, said the ministry's tougher policies on defence contracting meant that the Government would pay £20m less than it had expected on the three Upholder boats.

Half of the savings came from putting the vessels out to competitive tender and half from simultaneous orders being placed for all three submarines.

Mr Lamont said he expected the decision to place a bulk order for Sting Ray torpedoes would save more than £50m. Torpedoes have previously been ordered in batches of a few hundred.

Mr Keith Watson, chairman of Marconi Underwater Systems, said the company was relieved finally to have concluded the Sting Ray contract.

The company's torpedo programmes had been unfairly criticised by the Public Accounts Committee last year but the order had done much to redress the balance, he said.

Part of the year's delay in the negotiations appears to have been caused by the Defence Ministry's insistence that Marconi should be paid for the weapons only after they had met stringent performance tests set by the Royal Navy.

Mr Rodney Leach, VSEL chief executive, welcomed the submarine orders, which could mean up to 800 new jobs for Cammel Laird, which a year ago was fighting for its life. The

Britannia repels Guinness Peat

BY DAVID LASCELLES

BRITANNIA ARROW, assisted by allies led by Mr Robert Maxwell, publisher of Mirror Group, yesterday repelled a £281m takeover bid by Guinness Peat that would have created a large UK financial services group.

After a 68-day battle, Guinness Peat conceded defeat by announcing at 5 pm it had received acceptance of only 39.6 per cent. Allowing for its own stake in Britannia of 29.9 per cent, this implied acceptances from other shareholders of less than 10 per cent. More than half of this is believed to have come from London and Manchester, the institution which held about 5.5 per cent.

However, Britannia's victory immediately raises questions about the intentions of Mr Maxwell, whose concert party was believed to be holding a paper loss of some £2m last night on the 29 per cent stake it had accumulated in Britannia in order to thwart the bid.

After the result, Britannia's share price fell 4p to 138p, for a decline of 3p from the previous night's close. Guinness Peat had been offering 140p in cash or 148.3p in securities.

Guinness Peat's shares closed unchanged at 71p, though they sank to 68p during the day.

In a statement, Mr Maxwell hailed the result as "a vote of confidence" in Britannia's management. But he would not comment about future steps.

Mr Michael Newman, chief executive of Britannia, which had been advised by Lazard Brothers, welcomed "a strong supportive new shareholder" and said that while Mr Maxwell was viewed by some as a controversial figure, he had many achievements to his credit.

Britannia has also invited Mr David Stevens, chief executive of MIM, the investment institution which belonged to Mr Maxwell's party, to join its board.

Mr Alastair Morton, the chief executive of Guinness Peat, which was advised by Morgan Grenfell, said the terms of the offer had been fair but Britannia's management would now have to justify the ambitious forecasts they had made to retain their shareholders' loyalty.

He would not comment on

what Guinness Peat would do with the 29.9 per cent stake it acquired in Britannia last year. However, the company is expected to await developments from Mr Maxwell. In the past, Mr Morton has said that Guinness Peat could take a profit on its investment at any price over 105p.

The City's attention now focuses on Mr Maxwell, who is believed to have spent over £30m of his own money acquiring Britannia shares over the past month but whose motives had puzzled most observers.

He originally joined the fray what he termed an attempt to buy Britannia "on the cheap." However, he is considered an unlikely long-term shareholder in the financial services company.

There had been speculation that he was preparing a counter-bid in conjunction with GFF, but this seemed less likely last night. Instead, some observers felt he would now

Attempt to reach Channel link pact next week

BY ANDREW TAYLOR

BRITAIN and France will attempt in Paris this week to reconcile their differences over which scheme should be favoured for a fixed link across the Channel.

Mr Nicholas Ridley, British Transport Secretary, is due to meet his French counterpart, Mr Jean Auroux, on Tuesday.

At issue is the attitude of the two governments towards the road-rail scheme proposed by Channel Expressway. The French have so far opposed Expressway's plans for separate twin bore rail and road tunnels because it says there is insufficient French involvement in the project.

The British Government is thought to prefer a road crossing as well as a rail link, but has ruled out the only other possible road and rail candidate, proposed by EuroRoute, on the grounds that plans for it are uneconomic.

EuroRoute's plans, involving a combination of bridges, artificial islands and tunnels, is the most expensive of the schemes submitted to the two Governments last October.

The French Government appears reluctantly to have accepted the British view that EuroRoute's high cost and likely rate of return has pushed it out of the reckoning. However, it has still to be persuaded that Expressway is politically acceptable, in spite of the fact that SCREG, the French civil engineering concern, supports the scheme.

This would appear to leave the twin-bore rail tunnel proposed by Channel Tunnel Group and backed by a number of major British and French banks and construction groups, as the most acceptable compromise.

Mrs Thatcher, the Prime

Minister, is concerned that a rail-only solution could leave the two governments at the mercy of militant rail unions, particularly if the construction of a fixed link meant large scale reductions in cross-Channel ferry traffic.

A fourth scheme, proposed by Eurobridge and involving a road bridge with six spans and a separate rail tunnel, has already been ruled out following the assessment undertaken by British and French officials at the end of last year.

The first formal meeting of senior British ministers to discuss the merits of the various fixed link proposals took place in London yesterday, but no conclusion was reached.

The Cabinet is due to discuss the fixed link at its meeting on Thursday. Both governments are keen to resolve their differences as quickly as possible. Only a few weeks remain before their decision is due to be announced.

Hanson offer 'would fulfil Imps plan to diversify'

BY CHARLES BATCHELOR

HANSON TRUST, the industrial conglomerate headed by Lord Hanson, yesterday posted details of its record-breaking £1.8bn takeover bid for Imperial Group, saying a combination of the two concerns would be the answer to Imperial's unsuccessful attempts to diversify.

The bid is intended to torpedo the proposed £1.22bn merger between Imperial — which has brewing, tobacco and food interests — and United Biscuits, as well as gain control of Imperial. United Biscuits and Imperial revealed their defensive merger plan four days

before Hanson announced its bid — Britain's largest — early last month.

Lord Hanson said in a letter to Imperial shareholders that: "Imperial's plans to diversify will be fulfilled at a stroke by acceptance of our offer."

"We have consistently demonstrated our know-how in acquisitions and their subsequent development. We shall apply our financial strength, management techniques and philosophy to Imperial, so allowing its managers to forget

Continued on Back Page
Lex, Back Page

WEEKEND FT



MUSIC MAKERS

Piano competitions, a phenomenon of the post-war musical scene, offer hope to struggling young soloists. But even international recognition of talent may not make a career.
Page 1



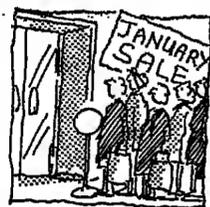
SAVINGS

Weekend FT's resident family — in-laws and all — review their finances at a round-the-supper-table family conference.
Page 111



ARTS

Michael Cimino, film director who had a great fall, returns in his Year of the Dragon.
Page XIII



SALES

Push, shove, push-push shove with the harpoin hunters in the London stores.
Page XIV

MARKETS

DOLLAR	
New York lunchtime:	
DM 2.463	
FF 7.558	
SFr 2.0705	
Y202.5	
London:	
DM 2.461 (2.4375)	
FF 7.555 (7.455)	
SFr 2.067 (2.052)	
Y202.6 (199.06)	
Dollar index: 126.1 (126.4)	
US LUNCETIME RATES	
Fed Funds 8 1/4%	
3-month Treasury Bills:	
yield: 7.25%	
Long Bond: 105 1/4	
yield: 9.25%	
GOLD	
New York: Comex Feb latest	
\$330.0	
London: \$327.5 (\$327.25)	
Chief price changes yesterday, Back Page	

STERLING	
New York lunchtime \$1.4388	
London: \$1.439 (1.4505)	
DM 3.5425 (3.538)	
FF 10.87 (10.8775)	
SFr 2.975 (2.9775)	
Y201.5 (208.75)	
Sterling index 78.0 (77.9)	
LONDON MONEY	
3-month interbank:	
closing rate 11 1/4% (sama)	
3-month eligible bills:	
buying rate 11 1/4-1/2% (11 1/2)	
STOCK INDICES	
FT Ord 1,149.6 (+11.1)	
FT-A All Share 690.80 (+0.8%)	
FT-SE 100 1,429.8 (+9.3)	
FT-A long gilt yield index:	
High coupon 10.47 (10.41)	
New York lunchtime:	
DJ Ind Av 1,548.67 (+8.94)	
Tokyo market closed.	

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OVERSEAS NEWS

Carrington warns Spaniards over Nato withdrawal

BY DAVID WHITE

SPAIN'S European allies would consider the country's withdrawal from Nato as a result of its planned referendum to be a very grave weakening of the Alliance. Lord Carrington, the Nato Secretary-General warned in Madrid yesterday.

Giscard warning on move to force Mitterrand out

BY DAVID HOUSEGO IN PARIS

FRANCE'S FORMER President Valéry Giscard d'Estaing has strongly warned his colleagues in the French opposition against trying to force President Francois Mitterrand to resign in the event of a right-wing victory in the Parliamentary elections in March.

New Commission portfolios

Table with columns: Commissioners, Responsibilities, and names of commissioners like Jacques Delors, Lorenzo Natali, etc.

English cricket programme under threat

By Robert Mauthner, Diplomatic Correspondent

ENGLAND'S international cricket programme and possibly some of its other international sporting links are threatened by the last-minute cancellation on Thursday of the England 'B' team's cricket tour of Bangladesh.

The tour was cancelled when the players were already at Heathrow Airport and after four members of the team with South African connections had been refused entry to Bangladesh because they had declined to sign a declaration deploring apartheid and undertaking not to play or coach in South Africa in the future.

The four players were advised not to sign the declaration by the English Test and County Cricket Board (ECB), which was worried about creating a precedent.

Through Bangladesh's move has caused a furor in Commonwealth sporting circles, the Foreign Office in London denied that the inclusion of players with South African connections in an English touring side contravened the 1977 Gleneagles agreement between the Commonwealth countries on sporting links with South Africa.

Under that agreement, the signatory governments undertake to withhold any form of official support for and actively to discourage sporting links between its nationals and South African sports organisations. But officials stressed that the British Government could not impose travel restrictions on its own citizens and that the cancellation of the cricket tour of Bangladesh was a matter for the cricketing authorities to decide.

Though the indications at the moment are that the second leg of the English tour of Sri Lanka will be allowed to go ahead, the third leg to Zimbabwe is under threat, as is the winter Test tour by England of the West Indies, due to start later this month.

Milan court on alert after bomb warning

By Alan Friedman in Milan

THE CENTRAL courthouse in Milan went on alert yesterday when an anonymous caller telephoned to warn of a bomb attack by Palestinian terrorists.

REAGAN AND MEXICAN PRESIDENT MEET FOR BORDER SUMMIT

Radical move proposed to solve Mexico's debt problem

DAVID GARDNER IN MEXICALI

THE CONVERSION of the Mexican Government's ballooning domestic debt into internationally tradable shares in state-owned companies could help solve Mexico's \$96bn (£87bn) foreign debt problem, according to one of the country's leading private economists.

This radical proposal follows the past year of debt-for-equity swaps in state enterprises. It would be designed to help flesh out the bones of the 'Baker Plan' to ease Third World indebtedness outlined by Mr James Baker, the US Treasury Secretary, at the IMF annual meeting in Seoul in October.

The proposal comes as President Miguel de la Madrid and President Ronald Reagan were due to meet yesterday in

Mexicali on the Mexican side of the Californian frontier. This border summit, unlike the previous three meetings, the two men have had, is expected to be dominated by Mexico's financial problems. Mr Baker and Mr Jesus Silva Herzog, the Mexican Finance Minister, will attend.

The new debt proposal is being put forward by Dr Rocio Ramirez de la O, the Cambridge-trained head of Ecanal, a prestigious private consultancy. Senior government officials have copies of the yet unpublished plan.

The plan sees domestic indebtedness as the root cause of Mexico's financial problems. This year, the government's interest bill for domestic borrowing will be the equivalent of 8 per cent of GDP against a foreign debt service bill of 4.5

per cent, making its aim of halving the budget deficit from last year's 10 per cent of GDP look unachievable. The main cause of the deficit is the high interest bill and transfers to cash-hungry public enterprises.

Dr Ramirez argues that gradual conversion of this domestic debt burden into attractive share packages would improve Mexico's single most important structural distortion. It would do this by pushing the budget back towards surplus and reducing inflation and the government's monopoly pressure on the money market, which is currently freezing out private investment; and in the medium term, by sharply reducing the need to borrow heavily abroad, and revaluing existing foreign debt.

The plan requires heavy foreign finance in its initial stages. But the paper argues that the Baker Plan emphasis on aiming new credits at structural reform should favour this. In the run up to yesterday's Mexicali meeting, officials privately stressed their full support for Mexican efforts to secure new external finance but ruled out any major government to government credit.

This will be the first US Mexican summit not dominated by the two governments' differing perceptions of Central America, where Mexico, in partnership with the Gonaïves group (which includes Colombia, Panama and Venezuela), has been seeking a negotiated peace for the regions' wars, so far in vain. The Gonaïves peace plan has taken a back seat in hi-

lateral terms partly because Mexico has withdrawn from the front line of the peace effort and partly because Washington's enthusiasm for the currently stalled Gonaïves Initiative has tended to rise in proportion to its likelihood of failure.

This aspect of yesterday's talks was expected to be handled in large part by Mr George Schultz, the US Secretary of State, and Mr Bernardino Sepulveda, the Mexican Foreign Minister.

They were also expected to review the two countries' programmes in containing the drugs traffic from Mexico to the US. Last year, Washington's belief that Mexican officials were heavily involved in the booming drugs trade, brought relations between the two sides to their lowest level in years.

S. Africa tribal fighting death toll mounts

BY JIM JONES IN JOHANNESBURG

BETWEEN eight and 30 Ndebele and Sotho tribespeople have been killed and dozens injured since the New Year in inter-tribal fighting triggered by the Sotho opposition to the South African Government's plans to consolidate Sotho ancestral lands in the Moutse area into the kwaNdebele black homeland, kwaNdebele is destined for 'independence' later this year.

The violence began early on New Year's Day when a Ndebele vigilante force, the Imbokodimo, decided to claim the land and attacked villagers in the Moutse area who are opposed to incorporation into kwaNdebele. The land claim was made even though the official proclamation of incorporation has not yet been published.

Mr Maredi Cheue, a black parliamentarian from Moutse, has alleged that police have done little to stop the vigilante attacks, despite the fact they had been warned of the pending attacks.

Yesterday, a police spokesman rejected the allegations and pointed out that two policemen had been killed while investigating the fighting. Moutse is about 60 miles

South African police have banned today's planned memorial service for Mrs Jolly Blackburn, the civil rights activist killed in a motor accident last Saturday, Jim Jones reports. A ban has also been placed on people or vehicles being near Port Elizabeth's Feather

Market Hall where the service was to have been held. Police said Mrs Blackburn and Mr Brian Bishop, another civil rights activist, were involved in a collision last Saturday when returning to Port Elizabeth after investigating allegations of security force excesses in black townships.

pretext the strong resistance to incorporation as evidence that black rural opposition to government policies is as strong as urban opposition. Analysts also believe that the Government is reluctant to force Moutse to incorporate into kwaNdebele.

Elsewhere, South Africa's pattern of black township violence continues virtually unchanged. Yesterday, the police reported nationwide killings, incidents of arson and stoning of police vehicles. A month-old black boycott of white businesses has been conditionally called off in the Johannesburg, Pretoria and Vaal Triangle areas. The Consumer Boycott Committee (CBC) said yesterday that the boycott would resume on February 1.

Savimbi to visit US in quest for aid

MR JONAS SAVIMBI, leader of the UNITA rebels in Angola, is to take his campaign for US funds to Washington later this month, a UNITA spokesman said here yesterday.

Reynald Dale Savimbi is expected to meet Reagan Administration officials, members of Congress and Conservative lobbyists during a two-week visit in the US. Mr Savimbi's visit is timed to influence the debate in Congress and the Administration over whether and how to provide US aid to the UNITA forces in their struggle against the left-wing Angolan Government. A Congressional ban on aid to the rebels was lifted last year.

President Ronald Reagan has said that any aid to UNITA should be covered, rather than the relatively small sums for overt 'humanitarian' assistance under consideration in Capitol Hill.

Conservatives have long been pressing for substantial military aid to the rebels as a signal in Moscow that the US is determined to halt Soviet worldwide expansionism. Congress is expected to return to the issue soon after it reconvenes on January 21.

Promise for Haiti

President-for-life Jean-Claude Duvalier promised Haiti's 5.5m people that 1986 would bring a 'new economy' for their country, has known since the start of the decade. AP reports from Port-au-Prince. In a 40-minute speech broadcast over television and radio from the national palace, President Duvalier did not mention anti-Government protests that resulted in security forces killing 100 students last year, or his firing of four top Cabinet members, and the national police chief this week.

Nigeria officers killed

A group of Nigerian officers accused of involvement in an unsuccessful coup were killed in a plane crash on New Year's Eve, the Government announced yesterday, Reuter reports from Lagos. A spokesman for the President, General President Ibrahim Babangida, said the plane, a presidential jet, crashed while bringing the town of Mkuurdi, Nigeria's military rulers announced in December they had foiled a plot by disgraced officers.

World Bank interest cut

The interest rate on most World Bank loans to underdeveloped countries will be cut to 8.5 per cent from 10 per cent, the bank officials said, AP reports from Washington. The reduction was the seventh since the bank began lending at variable rates on July 1, 1982. At that time, the rate was an 11.47 per cent a year. For the second half of 1985, the rate was 8.32 per cent.

China oil output up

CHINA'S oil output rose to a record 124.8m tonnes in 1985 from 114.5m in 1984 and is targeted to reach 150m by 1990. The China Daily quoted Petroleum Minister Wang Tao as saying. Wang said natural gas output totalled 7.5bn cubic metres last year and is expected to rise to 15bn by 1990.

Leadership crisis hits Kampuchean faction

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

A LEADERSHIP crisis in the Khmer People's National Liberation Front (KPNLF) is threatening to damage diplomatic and military efforts by the tripartite Kampuchean resistance to drive occupying Vietnamese forces out of Kampuchea.

The crisis focuses on divisions between Mr Son Sann, the 73-year-old president of the KPNLF who is also Prime Minister of the UN-recognised resistance coalition, and a dissident faction calling itself the 'provisional central committee for the salvation of the KPNLF'.

The faction includes key military figures in the front and others who have fallen out with Son Sann. The issues appear to involve Son Sann's allegedly autocratic methods and, more importantly, command of the

front's forces and co-operation with troops under former ruler Prince Norodom Sihanouk. The dissidents claim to have taken control of the KPNLF, but this does not apparently mean Son Sann has been ousted altogether. Prince Sihanouk himself evidently continues to recognise Son Sann as Prime Minister of the coalition, and he could yet retain a diplomatic role.

The faction fighting, thought not new or unusual among Khmer politicians, is unhelpful to the Kampuchean resistance, and especially to its two non-communist components, the KPNLF and the Sihanoukists. The third element, the Peking-backed Khmer Rouge, was ousted from power when invading Vietnamese troops installed the Heng Samrin regime in Phnom Penh seven years ago.

Peking experts for HK

BY DAVID DODWELL IN HONG KONG

A TOP-LEVEL team of Chinese legal experts is due to arrive in Hong Kong today to begin work in earnest studying local views on how the territory should be governed after 1997.

The group, headed by Lu Ping, Secretary General of Peking's Hong Kong and Macao Affairs Office, is expected to be in Hong Kong for at least a month. The visit has been seen as the first serious attempt by Chinese officials to assess the problems they will face as they draft the basic law that will provide the constitutional framework for Hong Kong when it becomes a special administrative region under Chinese sovereignty in 1997.

of the local community. With Lu Ping is Xiao Tianren, legal adviser to the Foreign Ministry in Peking, five law professors from the Chinese capital, a member of the law reform committee of the national People's Congress in Peking, and three members of the Hong Kong and Macao Affairs Office.

The visit has been seen as the first serious attempt by Chinese officials to assess the problems they will face as they draft the basic law that will provide the constitutional framework for Hong Kong when it becomes a special administrative region under Chinese sovereignty in 1997.

French missiles extend Iraq's capacity to attack

BY RICHARD JOHNIS

NEW air-to-surface missiles supplied by France have given Iraq the capacity to strike at Sirri Island, the source of nearly all Iran's oil exports after transport from tankers on the shuttle service from Kharg Island.

Just over a month ago Iraq started taking delivery of 200 AS30 laser-guided missiles manufactured by Aerospatiale and Thomson-CSF, according to Western diplomats. They can be launched from either French-supplied Mirage 200 or F1 aircraft in service with the Iraqi Air Force.

French defence officials declined to comment on the deal this week, but did not deny it. The missiles are far more effective than the Exocets used by

Iraq and have the range to hit super-tankers at Sirri Island. The Iranian Government is understood to be aware of the deal, which has further exacerbated its relations with France. Iraq's possession of the AS30s is likely to expedite its development of alternative export outlets.

The biggest single project is for two parallel 42-inch pipelines from the southern oil fields in Khuzestan to Assaluyeh, about 250 miles south-east of Kharg Island, where a new terminal is being built.

Iran is understood to have whittled down the number of contenders. 11 companies were invited to bid — to two. They are Saipem of Italy and Daewoo of South Korea.

Shamir calls for retaliation

BY OUR MIDDLE EAST STAFF

ISRAEL'S Foreign Minister, Mr Yitzhak Shamir, called yesterday for military action to be taken against guerrilla forces which fired rockets at Jewish settlements in northern Galilee.

Several rockets launched from southern Lebanon hit the region on Thursday causing some damage but no injuries. The Israeli army retaliated with artillery fire. When Israel invaded Lebanon in 1982 under the code name 'Peace for Galilee' the then government pledged that rockets would never again be allowed to fall on its northern settlements. Israel maintains a security zone in southern Lebanon which is policed by the South Lebanon Army, a 2,000-strong militia

which it finances and equips. Israel radio said yesterday that the SLA had killed two guerrillas in a clash close to the security zone. Mr Shamir warned that Israel was 'in a period of full danger' and said he hoped that the Israeli Defence Forces would ensure that no further attacks occurred.

The increase in tension in the south Lebanon came in the wake of Syrian efforts to broaden the agreement reached last weekend in Damascus between the three main Lebanese militias. The agreement aims at concluding the 10-year civil war with a far-reaching programme of constitutional reform.

Patrick Cockburn looks at some of the problems in store for Russians who aspire to their own transport

Why Soviet cars are more than just a question of cash

IN THE winter snows, the 11m car-owners in the Soviet Union often protect their vehicles by leaving them in garages for three or four months.

On average, a Soviet private car runs for only nine months of the year, and where garage space is not available, it is covered with tarpaulin to protect it until spring.

There is good reason why Soviet citizens devote such care and attention to their cars. The difficulty of buying a car has gone down in recent years, but the price is still high, between 8,000 and 9,000 roubles (£7,300-£8,200) for the most popular makes such as the Zhiguli sold in the West as Lada. Soviet statistics show that on average, a motorist will have saved eight years to buy his car.

Despite this, private-car ownership is increasingly common in the Soviet Union, even if the phenomenon is comparatively new. In 1980, there were only 6.3m private cars in the country, giving an average of 24 cars per 1,000 people, compared to 256 in Britain and 526 in the US. Last year, Soviet citizens bought 1.5m cars.

In the shopping rush before the New Year holiday, the streets of Moscow have been crowded in the evening with medium-size Zhigulis and Moskvitches (80 per cent of private cars), tiny Zaporozhets (17 per cent) and the good-sized Volgas (3 per cent).

But the backbone of the Soviet transport system for individuals remains buses, trams, trains and aircraft. Every city with a population of more than 1m has a right to have its own metro system. Fares are low. 'It costs me five kopeks (less than five pence) for a 45-minute metro journey to work and the same to go home,' said one Muscovite with a car, explaining why he does not drive to work.

Yet the demand for cars is high, despite the high price for purchase and maintenance. Soviet drivers advance two reasons for this. In the cities, where two-thirds of Soviet car-owners live, new housing projects are often a long way from work.

But leisure trips outside the city on days off, not access to work, is the main reason advanced by 50 per cent of Soviet citizens who were asked why they bought a car. Only 10 per cent of those questioned had abortive travelling time to work as their prime motive. Moscow and Leningrad are



Russians take to the road: a small holiday home is more essential than a luxury

both surrounded by dachas, small holiday villas or huts, to which people from the city flood for summer weekends and holidays. The 5m population of Leningrad owns some 900,000 dachas in the countryside around the city. Given that city flats are often very small and pre-fabricated, dachas can be bought cheap for as little as

make an impact. This is in part because of lower incomes, greater difficulty in maintaining a vehicle and lack of petrol pumps.

Motorcycles, however of which there are 12m in the Soviet Union, are common in the villages and small towns. At about Rouble 1,000 they cost one-seventh of the price of the cheapest car and are therefore much more accessible to the less well-off and the young.

Buying a car in the Soviet Union is more than a question of raising the cash. Factories, ministries, state organisations, republics and every one of the public institutions in Soviet life has its allocation of cars.

Where the allocation is sizeable, such as in a factory which needs to attract skilled workers, waiting time for a car is often a matter of months. In professions with a small allocation, the aspirant car-owner may have to wait much longer. He may then try to take a short cut and buy on the second-hand market, but to do so he will pay a price, accessible to the less well-off and the young.

system, it will cost some Roubles 12,000 if bought five days old on the second-hand market.

A five-year-old second-hand car in good repair costs the same as a new car bought through the state system. It is thus difficult for people in their twenties and thirties to buy a car. They lack security at their workplace or accumulated savings. The typical Soviet car owner is a man between 40 and 50 years of age who has saved for eight years, and six out of 10 motorists are white-collar workers.

Nor does expense end with the purchase of a car. There is a chronic shortage of some spare parts and official mechanics to install them, partly because the bureaucracy assumes that the lifespan of a Soviet car would be seven years.

In fact, the true figure is turning out to be an average of 15 years because cars in the Soviet Union are too valuable to dump. The result of these shortages is that car-owners turn to the black market for repairs and spares. Both cost money. A piston ring up to roubles 40, a battery up to roubles 180. An estimated 60 per cent of all serious repairs are done privately.

A shortage of petrol stations, and in some areas their complete absence, also means that much petrol is bought illegally.

One survey showed that 38 per cent of all petrol used by private car owners was bought on the black market below state prices which are now roubles 4 for 10 litres.

The overall losses to the state are enormous. The Interior Minister pointed out that in the last seven years the number of private vehicles on the roads had risen 180 per cent, but the official sale of petrol by only 20 per cent.

The difference was made up by the black-market dealers whose access to supplies is all the greater because a large part of the Soviet truck fleet runs on petrol, not diesel fuel. Widespread theft of petrol is inevitable until the number of petrol stations is increased. It is not clear, however, why state oil deposits should not sell petrol direct to the customer at the official price. It is in this area, in services, rather than in the structure of the Soviet car market as a whole, that change can be expected over the next 15 years. A cheap car of Roubles 3,000-4,000 roubles is likely to stay a consumers' pipedream.

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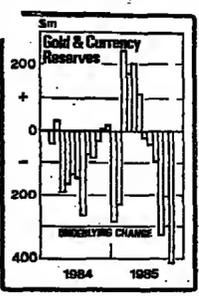
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UK NEWS

Reserves show biggest fall for three years

By MICHAEL PROWSE

BRITAIN'S gold and foreign currency reserves fell by an underlying \$416m in December, the biggest monthly fall for three years.



The fall was sharper than expected, prompting speculation among City analysts that Bank of England intervention to support sterling during last month's oil price scare had been more substantial than suspected.

The apparent scale of intervention was thought to reflect the authorities' determination to defend the pound, and thus keep the anti-inflation policy intact, without raising interest rates.

Britain's underlying reserves have fallen every month since July but the rate of decline has accelerated since September when finance ministers at the Group of Five meeting in New York pledged action to bring down the dollar.

In the three months since September, the average fall in underlying reserves was \$314m. In the preceding three months, the average fall was only \$47m. Official reserves were rising in the first half of last year.

Mr Stephen Lewis, chief economist at Phillips & Drew, the broking firm, said last month's figures indicated that Bank intervention to support the pound went well beyond "smoothing operations."

He said that with the sterling index, which measures the pound's value against a basket of foreign currencies, at about

78, the limit of official tolerance for exchange rate weakness may have been reached. Officials at the Treasury and the Bank, while conceding there had been some foreign exchange intervention last month, denied the fall in underlying reserves was necessarily a good guide to the scale of intervention.

The actual fall in reserves last month, which, unlike the effect of new borrowings and repayments, was \$432m, the official reserves stood at \$15.54bn, well above the level of a year ago because of the boost in October from the Government's \$2.5bn floating rate Euroloan.

Artificial intelligence venture to be closed

By Raymond Snoddy

RACAL ELECTRONICS and Norsk Data, the Norwegian mini-computer company, are to close a joint venture which has been developing artificial intelligence computer systems.

The venture, Racal-Norsk, will cease trading at the end of the month, less than two years after it was set up with the aim of producing a system to develop artificial intelligence applications in defence, engineering, education and finance. About £2m was invested in the project.

A system was produced last year and sold to several customers including the Norwegian Government and a Norwegian university, but there was no sign that the joint venture could have made an operating profit this year.

The market for large artificial intelligence systems had not developed as quickly as expected, the company said yesterday.

Norsk Data plans to form a development team to investigate the use of artificial intelligence software on its mini-computers. Racal will continue to examine the potential of artificial intelligence for defence and data communication systems.

European funds top unit trust league

By GEORGE GRAHAM

EUROPEAN investment funds scored a resounding success last year and dominate the year's unit trust performance tables compiled by Planned Savings magazine. The best performance came from Oppenheimer's European Growth trust, which gained 84.9 per cent over the year.

UNIT TRUST PERFORMANCE IN 1984. Current value of £100 invested a year ago, after tax, with income reinvested*

- 1 Oppenheimer European 84.9
2 FS Balanced Growth 77.5
3 Murray European 75.4
4 Baring First Europe 72.5
5 Guinness Mahon Recovery 72.0
6 Tynall European Growth 71.0
7 Grofund European 70.3
8 TR Special Opportunities 65.3
9 Mercury European Growth 64.0
10 GRE European 63.5

Trusts investing in Europe filled 15 of the top 20 places. Of the 24 European specialist trusts, only one—a Hambros Bank fund specialising in Scandinavia—failed to achieve an investment performance in the top 10 per cent of all unit trusts.

Led by West Germany, European stock markets have risen strongly over the year. With the Commerzbank index up by more than 75 per cent in the year, the Capital International European index has gained 43 per

cent. Domestic investors have been left behind. Mr Martyn Page, who manages the Oppenheimer European Growth fund, said he believed the rise in European share values was not a flash in the pan but reflected a revaluation by UK and US investment managers bringing new analytical methods to the European equity markets.

Stock markets have also been helped by fiscal incentives such as France's Loi Monory or Belgium's Loi de Giera, which provide tax relief for private investors who buy shares.

European specialist funds have largely displaced last year's top performing unit trusts, which included both UK and Japanese funds. Only FS Balanced Growth—like Oppen-

heimer European, a new fund which did not feature in last year's tables—Guinness Mahon Recovery and TR Special Opportunities are ranked in Planned Savings' top 10.

Japanese and US unit trusts have not matched European investment gains. The best performing Japanese unit trust, MIM Japan Performance, gained 38.5 per cent over the year, while BG America, the best US performer, rose by 37.2 per cent. All but two of the 24 European specialists beat this performance.

The worst results came from two unit trusts investing in the Singapore and Malaysian stock markets, which collapsed in December. Henderson and Schroder both saw their specialist funds' unit prices drop by 40 per cent during 1985.

Labour MP attacks Argyll bid to control Distillers

By MARK MEREDITH, SCOTTISH CORRESPONDENT

MR HARRY EWING, the Labour MP for Falkirk East, said yesterday he was concerned about the consequences of a takeover of the Distillers Company by the Argyll food group.

In a rare political attack against Argyll's plan, Mr Ewing issued a statement saying he had asked Mr Leon Brittan, the Trade and Industry Secretary, to refer the £1.5bn bid to the Monopolies and Mergers Commission.

Mr Ewing said Argyll's implied intention to sell off the non-drink activities of Distillers—a reference to its yeast and carbon dioxide business—would have serious consequences for General Region with as many as 700 jobs at risk.

A number of DCL operations are in Mr Ewing's constituency. He said he did not accept Argyll's assurances that jobs were secure on the drinks side because a bottling plant in

Grangemouth owned by the ADP company within Argyll and sold to William Muir, the specialist bottling company, was later closed.

Mr Ewing also attacked Argyll's proposal to set up a new group headquarters in Edinburgh saying Mr James Gulliver, Argyll's chairman, had also given the impression the offices would be built in Stirling. Argyll dismissed the attack. Mr Alistair Grant, the com-

pany's managing director, said his company has said it would run the non-drinks business of Distillers for two years before deciding on its future.

Argyll said it regretted the closure of the bottling plant but noted it was some time after the business had been sold. Mr Grant said the company was set on establishing its new group headquarters in Edinburgh if the bid is successful.

Bedford cuts van production at Luton

By John Griffiths

BEDFORD is to cut six days' production at its Luton van plant this month to reduce stocks, mainly larger versions of its Midi panel van.

The action is intended to reduce the month's output by 450 units.

Bedford, General Motors' UK commercial vehicles subsidiary, attributes the move to an imbalance in stocks rather than an overall decline in demand.

Some long wheelbase and windowed versions of the Midi, launched at the start of last year, have not achieved the sales expected—although the range overall increased Bedford's sales in the up to 2.5 tonnes sector by nearly 35 per cent last year. This compares with 8 per cent growth in the market sector itself last year.

Bedford also produces the larger CV van at Luton. The two models combined increased Bedford's sales in the total medium and heavy van market by about 10 per cent last year, placing it third behind Ford and BL's Freight Rover division.

About 90 employees at Luton will be affected by the cutback, although the company said yesterday they would be fully covered by a wage security agreement.

Store chain in financial service link

By Our Financial Staff

WICKES, THE home improvement stores chain, today launches financial and banking services for customers with Western Trust & Savings, the Plymouth banking group. The move marks further expansion of banking beyond traditional limits.

The facility will enable the stores' clients to obtain mortgages, personal loans, insurance and personal banking facilities. It includes a home buying and selling service. The key to the service is a terminal linking the stores to Western Trust computers in Plymouth, and enabling stores to offer mortgages and loans on the spot.

Wickes' property and financial services branches will also offer personal banking facilities provided by the bank. Current accounts will carry no charges and have a £500 credit facility.

The banking service is based on software developed by the bank. The bank hopes to sell it to other retailers. Western Trust is a Royal Bank of Canada subsidiary.

The replacement by most UK banking groups of old-style cheque-guarantee cards with bearing a hologram has confused some users and retailers. Barclaycard and TSB Trustcard, which act both as credit and cheque-guarantee card, are not affected by the change but some retailers have refused to accept some of them because they think them invalid.

Thousands still have old-style Barclaycards and Trustcards, valid until expiry. Retailers should accept these, subject to usual procedures, both as credit and cheque-guarantee card, until expiry date.

SDP council to debate advertising on the BBC

By IVOR OWEN

DIFFERING views among the leaders of the Social Democratic Party over whether advertising should be introduced by the BBC will be debated by the party's policy-making forum at Bath later this month.

Two motions reflecting the conflict of opinion have been tabled by the policy committee and they will be debated during the final stages of the two-day session of the Council for Social Democracy opening on January 25.

Mr Charles Kennedy, MP for Ross, Cromarty and Skye and a former BBC journalist, will propose a motion calling for the abolition of the existing licence fee system and advocating that some of the BBC's services should be financed by advertising.

The motion also suggests that finance for the areas in which the BBC remains a public broadcasting service should be financed by a five-yearly government grant, with the amount determined in the light of advice from an independent broadcasting audit commission.

The motion, examining alternative methods of financing the BBC, to define proposals for a protected public broadcasting service capable of maintaining two national television channels and

Scottish outlook 'best for years'

Financial Times Reporter

SCOTLAND'S ECONOMIC and industrial prospects were better than for many years, with more jobs and industries moving in, according to Mr George Younger, Scottish Secretary, yesterday.

"We are out-performing most other parts of Britain and the prospect is that this will continue," he told Sir James Galloway, chairman of the Scottish Conservative Party, in a New Year message.

Another year of expansion in Scotland's economy was expected. He said: "North Sea oil exploration and development will continue at their present very high levels and manufacturing output and productivity will rise. Employment will continue to increase and unemployment, which has now been broadly level since last April, is expected to ease as new government measures come into effect."

He said difficult problems remained to be faced: "We have to safeguard the core of our steel industry by facing up to hard decisions new to avoid much harder decisions in the future. We have to solve the increasingly absurd teachers' dispute before irreparable damage is done to this generation of schoolchildren."

Gould group

GOULD, the US engineering control equipment maker, has asked us to point out that Siemens of West Germany has not bought an interest in the company, which was reported incorrectly

Large advertisement for Friends' Provident with headline: 'With results like these, it pays to know who your Friends are...' and a list of plan values.

- FRIENDS' PROVIDENT (January 1986) £4,867
FRIENDS' PROVIDENT (November 1985)* £4,677
NEXT BEST OFFICE (Planned Savings: November 1985)* £4,486
AVERAGE OFFICE IN TOP TEN (Planned Savings: November 1985)* £4,269
WORST OFFICE IN TOP TEN (Planned Savings: November 1985)* £4,090

*For policyholders retiring on 1st September 1985.

This is just one example of the impact of our new bonuses. The more you look at our track record—both over short and longer term policies—the more you realise that knowing the right people can make all the difference between a modest return and an outstanding one.

Friends' Provident logo and text: 'This spectacular result is yet further proof that our policyholders benefit considerably from our enviable investment expertise. When it comes to bonuses, the figures above carry a loud and clear message for 1986. It pays to know Friends' Provident.'

UK NEWS

Change of emphasis in industrial policy urged

By Michael Prosser
GOVERNMENT industrial policy should change emphasis to reflect recent advances in economic theory...

Mr K. J. Button, an economist at Loughborough University, says regulators should concentrate less on the internal structure of markets and more on the availability of new entrants...

He suggests consumer protection and maximum efficiency may not always require vigorous competition in a market. More important than the number or size of existing companies is whether the market as a whole is "contestable"...

Mr Button feels the "contestable markets" theory implies nationalised industries will be efficient provided they face the threat of potential competition.

Privatisation in itself does little to spur efficiency because it does nothing to make markets more contestable. Royal Bank of Scotland Review, December 1985, 36 St Andrew Square, Edinburgh EH2 2YE.

BP chooses Herts site for headquarters

Financial Times Reporter

BP OIL has chosen a 15 acre site at Hemel Hempstead, Herts, for its headquarters. Plans provide for a four-storey main block with ancillary buildings on land owned by the Commission for New Towns.

The company will transfer its staff of more than 700 from the headquarters in Victoria Street, London, plus 600 already at Hemel Hempstead, to the new location.

The company's present offices in Hemel Hempstead shopping centre were partly closed when structural defects were found. Repair work was stopped when it was found that the building was awaiting the outcome of a feasibility study on a new headquarters.

Work on the new buildings is expected to begin in the spring, with an occupation date set for late 1988.

South Wales hit hardest by pit closures since July

BY MAURICE SAMUELSON

THE National Coal Board has shut 24 pits in the past six months and says a handful of further closures are needed to bring coal production in line with demand.

South Wales has been hardest hit with the closure of nine pits, followed by Yorkshire with seven, and three closures each in the north-east and western areas.

Some 35,000 men are expected to have left the colliery workforce by the end of the financial year, and the industry may have to step up recruitment to balance natural wastage. The board employs 151,000 people compared with 223,000 in 1980.

The closures have enabled the board to stop losing money on the production of coal. There are prospects of further improvement in the first part of this year while longer-term prospects depend on demand and the extent to which the electricity industry will expand nuclear stations and use more foreign coal for coastal stations.

The closure programme has gathered pace since last September when three pits were closed. A further eight were closed in October, five in November and three in December.

On October 25, the board closed Cortonwood, South Yorkshire, one of the collieries the threatened closure of which helped trigger off the strike.

The total closed since last July is one more than the 23 proposed closures shelved when the first Thatcher Government and the NCB retreated in the face of a national strike threat by the miners five years ago.

NCB executives say the post-strike recovery by the coal industry has been swifter than that of the steel industry after the steel strike of the late 1970s. They attribute this to coal being less vulnerable than steel to foreign competition.

The closures have been so complicated in spite of the recent creation of an agreed independent colliery review panel. The only two big ones being resisted are Bates and Horden in the north-east, which will be considered this month.

Otherwise, board officials say resistance has been weaker than expected. In the former strike-bound areas, many miners' willingness to accept redundancy settlements was prompted by their fear that if they had not done so by the end of the year, they would forfeit pension benefits.

The colliery workforce is expected to have fallen by some 35,000 men and the non-colliery workforce by more than 3,000 by the end of the current financial year.

Barring a large, unforeseen cut in demand for coal, the job reductions in the next financial year will be about 10,000.

Table with 4 columns: Colliery Name, Location, Status, Date. Includes entries like 1 Acton Hall, N. Yorks, Closed 5.7.1985, 2 Sully, N. Yorks, Closed 21.8.1985, etc.

Source: NCB

bound areas, many miners' willingness to accept redundancy settlements was prompted by their fear that if they had not done so by the end of the year, they would forfeit pension benefits. The colliery workforce is expected to have fallen by some 35,000 men and the non-colliery workforce by more than 3,000 by the end of the current financial year.

Cargo airline ceases trading

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TRADEWINDS, the UK all-cargo airline which is a wholly-owned subsidiary of Lombr, is ceasing operations immediately, because of the increasingly fierce competition in the air cargo market.

The company, headed by Mr Edward du Cann, said the decision to stop trading was taken because of over-capacity in the cargo market and the proliferation in the UK market of charter cargo aircraft belonging to recently-formed cargo airlines registered in Third World countries.

These aircraft operate to lower safety and maintenance standards than UK airlines, and undercut UK cargo airline rates.

A third reason was the introduction of the more stringent noise rules in the US from January 1, 1985, and in the UK from January 1, 1986. These would have obliged Tradewinds either to re-equip or undertake costly modifications to its Boeing 707 all-cargo aircraft.

The company said the situation was made worse by the fact that Third World competitors which operated the 707/DC-8 cargo aircraft were able to use cheap, unmodified aircraft into the UK without hindrance for another two years, until January 1, 1988.

In this way, said the company, "the British Government has put Tradewinds, the only scheduled all-freight UK airline, at an even greater competitive disadvantage against foreign competitors." The closure of the airline was the only alternative.

The 130 personnel of Tradewinds have been given notice and will be paid off by Lombr. The two Boeing 707s of the airline are on a care and maintenance basis at Gatwick Airport and are for sale.

Tradewinds was formed in 1967 to provide cargo charter services world-wide. Its primary routes have been between the UK and East and West Africa, and to Chicago, Toronto and Khartoum.

British Airways was "back on course for privatisation in 1986" but much was to be done to improve the service, control costs and produce the profits necessary to secure the company's future, Lord King, BA's chairman, said in a New Year staff message.

Writing in British Airways News, Lord King said: "many regard us as big and successful when compared with other British airlines. That is a short-sighted, parochial view and full of potential danger for our future."

"Our market is the world. We must be stronger and better equipped to beat the best airlines wherever they come from — the US, Europe or the Far East."



Paddy Ashdown: "Shut lid firmly"

Call to end ministerial squabble on Westland

By Ivor Owen

MR PADDY ASHDOWN, Liberal MP for Yeovil and the party's trade and industry spokesman, has called on the Prime Minister to end the public squabbling between Mr Michael Heseltine, Defence Secretary, and Mr Leon Brittan, Trade and Industry Secretary, on the future of Westland, the helicopter company.

He wrote to Mrs Thatcher yesterday insisting that the public disagreement between the two members of her Cabinet most directly involved in policy issues affecting the company must cease forthwith.

Mr Ashdown, whose Yeovil constituency includes Westland's main operational centre, told her that what the company needed now more than anything was a period of peace and quiet in which to make "a very difficult decision on the basis of what is best for the company and the service it provides for Britain's defence."

He protested that the two ministers' tactics had affected Westland's future and the standing of its prospective partners "whatever they may be."

He expressed continuing anxiety that "given the political reputations which have been allowed to become embroiled in this decision, Westland will not ultimately suffer from whichever side has, in the end, had their nose put out of joint." He said: "The time has arrived when the two ministers concerned should be put back in the Cabinet and the lid firmly shut, and it's up to you to see that this happens."

Nut plants to close

SMITHS CRISPS is to close its nut-processing plants at Corby, Northants, an unemployment blackspot, in two weeks with the loss of 140 jobs.

ECONOMIC DIARY

MONDAY: Personal income expenditure and saving (third quarter). Industrial and commercial companies' appropriation account (third quarter). Credit business (November). Retail sales (November final). Closing date for Habitat Methercare/British Home Stores merger proposals.

TUESDAY: Provisional estimates of monetary aggregates (mid-December). London and Scottish banks' monthly statistics (mid-December). First closing date for Argyll Group's bid for Distillers.

WEDNESDAY: Quarterly analysis of bank advances (mid-November). Housing starts and completions (November). Advances in energy statistics (November). Overseas travel and tourism (November). AUEW Tasa to make statement on Westland crisis. Harrods sale starts. US employment figures (December). EEC Transport Ministers hold informal meeting at The Hague (until January 9).

THURSDAY: Unemployed and unfilled vacancies (December). Launch of anti-Sunday trading campaign in London. French Economics and Finance Minister to address economists in Paris on 1986 policy.

FRIDAY: Car and commercial vehicle production (November final). Building Societies' monthly figures (December).

LABOUR

Dover ferry dispute ends with arbitration pact

BY DAVID BRINDLE, LABOUR STAFF

THE DISPUTE which halted Townsend Thoresen ferry services from Dover for three weeks ended yesterday with agreement to refer the issue and all future unresolved local grievances to independent arbitration.

The agreement, which should in theory preclude industrial action over local disputes, is being seen as of considerable significance in an industry prone to periodic disruption. The National Union of Seamen was anxious to stress that the settlement did not constitute a no-strike deal. It said, however, that it "should make it easier to sort out local disputes without recourse to strike action."

Townsend Thoresen, part of European Ferries, said: "Our hope is that the agreement will provide continuity of work and avoid the kind of situation we have had over the last three weeks."

The dispute, which involved 2,000 NUS members, was sparked by the union's claim for

manning end paid leave improvements on two ferries which were being enlarged to take more freight. A 72-hour strike began on December 13 and developed into what the NUS described as a lock-out.

In a move which reflected Townsend Thoresen's determination to make gains from the dispute, the company berthed its Dover fleet of 10 ferries in Dunkirk, France, and refused to resume services until the NUS gave a firm undertaking of no further disruption.

The agreement, drawn up in a week of talks, was accepted yesterday by a meeting of the seamen. Ferry services were due to resume last night from Dover to Calais, Boulogne and Zeebrugge. The company expects a full timetable to be met today.

The deal provides for the disputed NUS claim to be referred to the Advisory, Conciliation and Arbitration Service for arbitration. It also sets out a fresh grievance procedure, stating: "Any grievance that remains unsettled being progressed fully through the above procedure will be referred to a panel for independent arbitration."

If the two sides do not think Acas is suitable, an alternative third party arbitrator can be agreed. However, the agreement stipulates: "Once the matter is referred to arbitration, the award of the arbitrator shall be binding on all parties."

Shipping industry leaders said the deal could mark a changed attitude towards industrial relations in the sector but remained sceptical about the chances of curbing disruption in practice.

It was pointed out that there could be argument over what was a "local" dispute as opposed to a "national" one where industrial action could be taken. It was also felt the agreement would not stop unofficial action—particularly at times when a grievance was working its way through the disputes procedure to arbitration.

Private health plan for government agency staff

BY OUR LABOUR STAFF

EMPLOYEES of the Government's Property Services Agency are to be offered discount health screening by Bupa, the private health care company, by arrangement with their management.

The PSA said it intends to go ahead with a pilot scheme for 3,500 staff in London and Cheshington, Surrey, in spite of strong objections from Civil Service unions.

The unions, which believe the scheme could be copied in other government departments, have registered total opposition to the use of Bupa. They are raising the issue with MPs and are protesting to ministers.

Under the scheme staff will be invited to attend free health educational talks and then to undergo fitness screening at price discounts ranging from 19 per cent to 26 per cent.

The PSA will offer paid absence from work for those taking part and will provide premises for the talks and for all but the most comprehensive screening courses. In a letter to the unions it describes the tests as attractively priced.

The letter outlines the scheme as "a positive contribution to the opportunities available to staff to take care of their health."

However, the Council of Civil Service Unions has said the scheme undermines the National Health Service and has warned PSA managers against going ahead. It has also directed union committees in other departments to resist similar initiatives.

Gartcosh protest march

BY OUR LABOUR STAFF

A REPRESENTATIVE group of nine campaigners, including politicians of all the main parties, yesterday set out on a 450-mile walk to London to protest at the planned closure in March of the Gartcosh steelworks, near Glasgow.

Local MPs and churchmen were among about 100 supporters who joined for the first few miles of the march, which is designed particularly to win

backing in England for the campaign to save the 700 jobs at the plant.

Mr Tommy Brennan, union convenor at the steelworks, said: "We are desperate people trying to ensure we have a steel industry left in Scotland."

The march is expected to take 10 days to reach London, where the marchers hope to meet the Prime Minister.

Equal opportunities pressure forecast to increase this year

BY JOHN LLOYD, INDUSTRIAL EDITOR

PRESSURE on companies, government departments and agencies and local authorities to promote equal opportunities for women and ethnic minorities will increase this year, according to a report by consultants specialising in pay structures.

TMS management consultants says that codes of practice issued by the Commission for Racial Equality and the Equal Opportunities Commission, the equal value amendment to the Equal Pay Act and the riots of 1981 and 1985 have all helped to produce a change of emphasis in pay, hiring and promotion structures over the past year which will continue and accelerate in 1986.

It says that: "The equal value amendment will continue to cause difficulties for organisations by producing industrial tribunal cases and collective bargaining pressures. The restructuring of the manual worker grades in local authorities, which involves 1m people and includes 750,000

women workers, will not only have important knock-on effects in the health service and the Civil Service industrial grades, but also in the private sector."

Ethnic monitoring in the Civil Service and elsewhere will cause further pressure to employ more ethnic minority workers especially if such monitoring "produces data which shows low ethnic minority representation and yet (companies) have no plans to change that situation."

There will be a greater need for explanation of the need for equal opportunity initiatives as white workers see a threat to their position. "Very often they see the removal of barriers not as a loss of a privileged position, but as the introduction of privilege for other groups."

More organisations faced with evidence of the attitudes of some employees to equal opportunity will conclude that race and sex discrimination will be a specific disciplinary offence." TMS says that over the past

year many organisations such as British Rail and Littlewood have appointed equal opportunity specialists; many such as Barclays Bank and BP, have introduced ethnic monitoring; more organisations have trained their recruiters to avoid bias against women and black people; and more women only management training courses have been introduced.

It says: "In starting the process of change to ensure equal opportunity, many decision-makers have been shocked at the vehemence of the resistance to their initiatives."

"At the moment it seems that middle managers are likely to become more and more trapped by policies that have the objective of racial harmony or equal opportunity for women, but which fail to recognise the resistance to the changes that will be necessary if these policies are put into practice."

A review of developments in the management of equal opportunity issues; TMS Management Consultants, 14, Sekford Street, London EC1R 0HD. Free.

David Rushby on a company which trains people to cope with stress Learning to survive in hostile environments

FOR MOST people survival consists of making ends meet between pay cheques while watching the clock and sliding further from control. For some, however, knowing how to survive in the world's most hostile environments is part of their job.

Some of these will turn to Survival Aids, a company based at Morland, Cumbria, which sells equipment linked to survival in hostile environments and provides training in its use.

The company was founded in 1979 by Mr Nick Steven when he left the army. Since then it has established itself as Britain's largest supplier of equipment linked to survival. Its annual turnover exceeds £1.5m.

It supplies a wide range of protective clothing and shelter for conditions ranging from polar to desert, and navigational equipment, emergency rations and emergency communications equipment.

Sales are mainly by mail order but the company also supplies about 200 retail outlets in the UK, on the Continent and in the US. The armed forces

take about 40 per cent of sales. The company has always had survival training as part of its strategy. From the outset there was perceived to be a logical development from testing equipment and showing clients how to use it, to training people in survival techniques.

This training programme is mainly concerned with individual personal development but courses can be provided to meet the needs of companies. About a quarter of the 1,000 or so people who have taken part have come from the armed forces, police service and industry.

Teams of accountants from Arthur Andersen in Manchester, and staff from Johnson & Johnson, the medical equipment company, working in Omaha, have participated in the five day courses with police and military personnel.

Negotiations are in progress with two aviation companies to have pilots trained in survival techniques, says Mr Phil Pennefather, Survival Aids chief instructor.

Students are taught the essential elements of survival, the physiological effects of cold, wet, wind and fatigue, and the psychology of survival, and the need to develop the right mental attitude.

In coping with survival conditions, mental agility, judgement and ability to think laterally are put to the test and sharpened by the experience.

Survival Aids has run the courses itself but it is about to hand over to Outward Bound Ullswater, in the Lake District, although it will retain responsibility for course structure.

The emphasis will continue to be on survival but courses should benefit from the experience Outward Bound gained as an educational trust and its work in personal development training.

Outward Bound has organised personal development courses since the 1940s. It uses the environment to develop team skills, and to extend the individual's ability to cope in difficult circumstances and to draw out leadership qualities.

Mr Steve Howe, who runs the Ullswater OB centre, believes that as companies develop their activities into more hostile

environments they will face an increasing responsibility to ensure that their workforces have the experience and skills to maintain and develop the courses.

The change will enable it to concentrate further on equipment sales especially in the US. The company moved into the North American market in 1982. Sales there account for about 8 per cent of the total. Mr Steven sees the US as a main growth area.

Marketing in North America is handled by mail order houses but Mr Steven hopes to develop the direct mail order system that Survival Aids uses in the UK. Trials will start early next year and, if successful, will be extended to cover a broad slice of the North American hunting, shooting and survival training market.

environments they will face an increasing responsibility to ensure that their workforces have the experience and skills to maintain and develop the courses.

This applies particularly to oil companies but anybody working in remote areas in winter could have to fight for survival and would be more likely to succeed if properly trained.

For Survival Aids the link with Outward Bound followed recognition by Mr Steven that the company's structure was not geared to maintaining and developing the courses.

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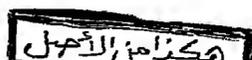
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APPOINTMENTS. Board changes at Alliance & Leicester Building Society. Mr Simon Everard has been elected deputy chairman of the ALLIANCE & LEICESTER BUILDING SOCIETY following the retirement from the board of Mr Gerald Appell. Mr Everard, who is chairman of Ellis & Everard, was vice chairman of the Leicester Building Society before joining the board of the Alliance and Leicester in October on the merger of the two societies. Following the retirement of Mr Roy Cox, Mr Scott Durward becomes chief general manager. Mr Durward, who was previously joint chief general manager with Mr Cox, was chief general manager of the Leicester Building Society before the merger. Mr Cox will remain a non-executive director and will continue as chairman of the Building Societies Association until his term of office expires in May 1987. Mr Peter Edwards, ARTHUR YOUNG London regional managing partner, succeeds Mr Barry Nichols as managing partner. Mr Roger Butler, former national director of taxation, succeeds Mr Edwards as London regional managing partner. Mr Nigel Pickard has been appointed London director of taxation. DEN NORSE CREDITBANK (formerly Nordic Bank) has appointed Mr Bruce Lambie and Mr Christopher Tregoning as deputy managing directors. Mr Lambie has responsibility for the shipping and offshore and oil department and Mr Tregoning for the finance and administration departments. Mr Malcolm Bryant will become an associate director with responsibility for accounting and operations. Mr Robert Bruce, Mr Michael Lew, Mr Nelt Martin, Mr Paul Smith and Mr Sussee Ward, will become senior managers. The SUN LIFE GROUP has made the following appointments to the board of Sun Life Direct Marketing, the group's newly-formed direct marketing subsidiary: Mr Richard Zamboni as chairman, Mr Frank Berry as managing director, and Mr Jeffrey Painter as an executive director. Mr Painter, currently direct marketing manager, has also been appointed to the assistant executive director of BAGERIDGE BRICK. EQUITY & LAW LIFE ASSURANCE SOCIETY has appointed Mr Alan Jones a deputy secretary. Mr Gerry Abern and Mr Chris Laurence to be deputy investment managers; Mr Andrew Corby to be a deputy secretary; and Mr Stewart Fairhead to be an assistant individual pensions manager. Mr Colin Cawood and Mr Bill Cowell have become directors of WATMOUGHS, a wholly-owned subsidiary of Watmoughs (Holdings). Mr Cawood also becomes production director and Mr Cowell sales director of Watmoughs Financial Print, a division of Watmoughs. Mr Dwight Makins, a director of JOHN GOVETT & CO, has been appointed managing director. THE FRIZZELL GROUP has appointed Mr R. M. Davidson as a director. Mr P. A. Higgins has resigned but will continue as deputy chairman of the group's consumer division and managing director of Frizzell Business Development. Mr F. B. Ohlson will retire on February 19. Mr R. N. Goddard has resigned. Mr Philip Davies has been appointed to the board of ARIEL EXCHANGE. He has been general manager for the past five years. Mr Geoffrey Wakem has joined BANKERS TRUST COMPANY as vice president, and has been appointed to the board of Bankers Trust Co. He was administration manager for County Bank investment division. Mr Simon Tebbett has been appointed group financial director at CPU COMPUTERS. Sir Alan Hobbay joined the board of P & O NEW ZEALAND as a non-executive director on January 1 and will succeed Mr Alex George as chairman on April 1.



Let's be constructive

8 simple reasons why the Beazer offer for French Kier makes sense.

1. Respect.

Too many takeovers are conducted as a kind of slanging-match. We find this unworthy. There are serious matters at issue.

So let us say at once: as a contractor, French Kier has a fine record.

We don't want to deny what French Kier has done in the past. We are thinking about the future. Times change.

2. Common sense.

Look about you. We believe the major contractor, concentrating on little else, is becoming a thing of the past, is too unbalanced in this day and age and has too many eggs in one basket.

In a way, we see French Kier as among the last of its kind. It has not survived without scars (Iraq for one).

The obvious remedy is to diversify, particularly into housebuilding. French Kier put the case for this in its recent bid for Abbey Pity it didn't succeed—it makes sense.

We are seeking a genuine merger, not a shotgun marriage.

A sensible, balanced move ahead, for French Kier and for Beazer, to create a major new force in the construction industry.

3. People.

If Beazer has one proven talent above all others, it is for making companies work *as companies*, in a group: for integrating them without submerging them; for motivating the people who run them; for giving managers genuine powers of decision, with their own financial controls, and appropriate rewards.

We could fill the whole of this paper with pictures of happy smiling Beazer executives who have joined us through acquisitions.

Beazer is a good place to work, and we believe it shows. We look forward to welcoming French Kier management at all levels.

4. Track record.

This is how we have handled some of our recent acquisitions. **SECOND CITY** Their management now occupy key positions in the Beazer Group.

BRAHAM MILLAR (64% owned). Offer price, June 1984: 40p. Current share price: 135p.

KENT Significantly strengthened our property activities, particularly our development capabilities. Much increased profit contribution expected in future years.

LEECH. Fully integrated, operating profitably, with excellent morale.

BEAZER GROUP Over the 5 years to 30th June 1985, pre-tax profit increased by 427%, earnings per share (fully taxed) by 163%, and market capitalisation by 1,986%.

Make comparisons. Draw conclusions. We believe you cannot shrug off achievements like these.

5. Compatibility.

Beazer is not 'just' one of the UK's Top Five housebuilders.

We already have a UK contracting business with a turnover of £75m. French Kier's UK contracting turnover last year was £200m.

Our contracts have included £12m for the Museum of London, £10m at the Old Bailey, £5m at the V&A. And so on. Even £1/2m to restore the ceiling of the House of Lords.

A lot of people don't know that.

6. 'The natural fit'

In our view French Kier needs Beazer and Beazer wants French Kier. It is not only our main activities that are complementary, but our trading cycles, our cash profiles, even our regional strengths. It is 'a natural'.

Together we shall be strong and stable, because broadly-based.

We believe the commercial logic of the merger has not been, cannot be, and will not be successfully challenged.

Quite simply, it is the right thing to do.

7. Money. Your money.

As a French Kier shareholder you stand to gain substantially from the Beazer offer—in capital and in income. This is explained in detail in two documents which have been posted to you—the original offer document and Mr Brian Beazer's letter of the 21st December. *In your own interests, please read these papers carefully.*

If you would like extra copies, to help you in consulting a professional adviser, this can be arranged.

Ring 01-638 6000, Extension 2547. The sooner the better.

8. The offer is still on the table.

Complete the Acceptance Form and post it today.

Broaden your base with Beazer

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Saturday January 4 1986

Westland and Europe

WESTLAND, the British helicopter maker, needs financial help if it is to survive. Could the help be American or European? This apparently straightforward question has become the focus of an intense debate in the British Cabinet and elsewhere, about the structure of the European defence industry, its relationship with the US and the role of governments in influencing corporate decisions.

Key technologies

The argument is that certain key technologies and manufacturing capabilities must be maintained in Europe; that they must be developed independently of the Americans; and that they must be preserved by a "Buy European" procurement policy. The design and manufacture of helicopters is seen as one of these technologies; hence the plan for a rationalised range to be built collaboratively by the four European companies, and the determination to prevent Sikorsky from acquiring US producers, from acquiring a stake in the European industry.

It is not clear to what extent the four European governments involved in the Westland affair — the UK, France, West Germany and Italy — are fully committed to this line of thinking. There are, in any case, some serious problems with it.

Why should technological independence from the US be Europe's best interests? Is it to enable the Europeans to fight war without having to rely on American equipment and spares? This can hardly be the goal, since it implies an enormously expensive and hardly feasible degree of self-sufficiency.

Proponents of the European approach point to the ruthlessness with which the US defends its own defence contractors and controls the transfer of sensitive technology to its allies. But it is not obvious that the right response is to tighten controls at Europe's technological frontiers or to limit the access of US companies to the European market.

It is true that parts of the European defence industry are weak and fragmented and that steps need to be taken to strengthen the European pillar of the Nato alliance. Collabora-

tion between companies can help this process and governments should play their part in pushing it forward. But competition is the most effective spur to efficiency and European governments need to be wary about schemes which limit both internal and external competition.

It is wrong to think of a black-and-white choice between European collaboration on the one hand and domination by US multinationals on the other. There are plenty of examples of successful co-operation between European and American companies in defence and other high-technology fields; this two-way process needs to be encouraged. In planning their defence procurement European governments should take a pragmatic rather than a Gaullist view of the potential US contribution. After all, they are part of the same alliance.

Westland's financial crisis did not provide a suitable context in which to press for an enforced European solution in helicopters. But the directors of the company now have to deal with the situation as it is, clarified somewhat by the Prime Minister's letter to the chairman this week.

They have to reckon with the fact that anti-American sentiments exist and may influence procurement decisions. The threat by France, Italy and Germany to exclude Westland from collaborative projects if the Sikorsky deal goes ahead has some force even though the British Government has promised to resist it "to the best of its ability."

Like any other defence contractor, Westland has to take account of political realities, but the directors' main job is to restore the company to health and to make it as efficient as possible, so as to enhance its attractiveness as a supplier and partner. If they believe the Sikorsky-Flat link is more likely to achieve this, they should choose it in preference to the all-European offer.

The European offer, in turn, should be considered on its financial and industrial merits. If the European consortium can convince the directors that, despite the obvious complexity of a deal involving five companies, their proposals will lead to a stronger and more competitive business than the rival plan, all well and good.

But the Westland board should not take too seriously the implied political threats that lie behind the European offer. If the politicians in the UK and Europe want to make Westland a protected species, barred from shareholding links with the US, they should do so openly and clearly. The fact is there is no such policy and very unlikely to be one. Westland should make its decision on a commercial basis.

MR ROBERT MAXWELL. Big man, big cigar, big claims. Total managerial control reasserted in Mirror Group Newspapers. The group back in substantial profits from the beginning of this year. The decline in circulations halted and reversed.

On the other side of the big desk, the diminutive figure of Mr Joe Haines, looking as ever like a 1950s Hollywood villain, his political editor and a MGN director, immersed with Maxwell in getting the deal which brought these changes, Haines has been in Fleet Street since 1942 (with time off to help Harold Wilson run the country, or oppose those who were running the country, between 1964 and 1976) and says: "I never would have believed this possible."

Maxwell and Haines finally got their deal earlier this week: it will involve the departure of some 2,100 MGN workers and, it is claimed, see a new lean and efficient group rise from near ashes. Its immediate effect on the ground will clearly be important; more important outside of the group's Harbourn block will be its demoralising effect on Fleet Street. "It's a miracle," says Maxwell with typical understatement. "That is not too exaggerated a word. And the whole of Fleet Street are going to be the beneficiaries."

Fleet Street, synonymous with British national newspaper publishing, has over the past year finally had to let through the winds of industrial change. Mr Eddie Shah is to start a new national paper in March with printing centres up and down the country, direct typesetting by journalists and a single union deal with the electricians' union. Mr Rupert Murdoch, absentee landlord of the Times, Sunday Times, Sun and News of the World, has demanded a legally binding agreement with no closed shop, no demarcation lines and reassertion of management control. New London evening and national papers are being mooted either with no unions or with direct typesetting. And everywhere, the powerful print unions, the National Graphical Association and Sogat 82, are agreeing to deals they would have left their branch secretaries' cigars with only a year ago.

The Mirror Group has been traditionally regarded as its present chairman recalls with a gargantuan chuckle — as a "mink-lined coffin." When Sir Keith Joseph came to lunch at the Group three years ago (under the old management) he asked: "How do you deal with the unions?" The honest answer came "By giving in." "Sir Keith literally staggered to a chair," says Maxwell, roaring with pleasure once more.

But when Mr Norman Tebbit came to lunch a few months ago (the Mirror entertains a lot of Conservative ministers for a Socialist newspaper) he had to say, in wishing its proprietor well in his endeavours, that if he did do well it would be a triumph in the Tories' side come the next election. And, says the proprietor, that is what he intends to be.

Mr Tebbit will have assisted in this. For the agreement Maxwell has achieved is possible in part because of the ebullience of union militancy, now finally reaching Fleet Street; and in part based on Tebbit's Law — the 1982 Employment Act.

The deal is a remarkable document for Fleet Street. Its introduction states its objective to be "to provide a sound working relationship based upon the responsibility and exclusive right of management to manage... It is the responsibility of employees and management alike, as their highest priority, to ensure the production on time and in the best attainable quality of all the titles to be produced by the Company at the most economic possible price in order to guarantee the company's ability to compete and its profitability."

The company has been divided into three legally separate companies: Mirror Group Newspapers 86, which provides the content of the paper; BNP Services, for services like telephones, darkroom and computing; and British Newspaper Printing Corporation, for the typesetting and printing.

The importance of the split lies in the terms of the 1982 Act, which prohibits almost all "secondary action" — that is, action taken by the employees of one company against another. T. Bailey Forman, publishers of the Nottingham Post, set up a separate company to print on contract; and the "independence" of the company survived a challenge from the National Union of Journalists, then in dispute with David Dimbleby's Richmond and Twickenham Times group, which was being printed by the Nottingham company.

It is a lead the Mirror Group has followed. Within the three companies, employee must be flexible within obvious limits. Says Maxwell: "A member of the clerical staff will not be told to wash dishes in the canteen — but where there were, for example, 14 Sogat Rima (ancillary) chapels, there is now one." Overtime, once a large part of the gravy train (which has now, in the words of the famous Mirror editorial, "hit the buffers") is out except on the express word of the proprietor, journalists now work a five-day week and their meal allowances have been cut: sub-editors are reckoned to have lost £3,000 a year on allowances alone.

Maxwell: "In spite of having twice as many journalists as our competitor (The Sun) we were spending close on £1m a month on (freelance) contributions — most of which were spiked."

Haines: "The redundancy scheme for journalists was drawn up in such extravagant terms as to prevent anyone ever going. After you'd been here a few years you could pick up £80,000; so no journalist could ever be dismissed, and no journalist could be moved without his consent."

These bits of the mink lining have all been stripped away. The agreement says that "the contents of the newspapers produced by the company are with- in the editor's responsibility and powers and employees will not take any steps which derogate from such powers." Further, if anyone is sacked, or leaves, they will not automatically be replaced. Further still, "the company will select all employees"

and managers over 50 who have commuted their pension entitlements to a lump sum. He has used some £35m of the £400m pension fund — by agreement, though he did not need it — to finance much of this: he pays tribute to his predecessors who built up the fund which has allowed him to do it. In cutting 600 staff in the Manchester printing operation — now part of BNP, formerly part of Thomson Newspapers — he has saved over £30m alone. His cash flow has clearly benefited

BRITAIN'S NEWSPAPER INDUSTRY

Maxwell dares—and wins

By John Lloyd and Raymond Snoddy



Mr Ian Robert Maxwell, MC, Hon DSC (Moscow State), Royal Swedish Order of the Polar Star (1st Class), Bulgarian People's Republic Order Stara Planina (1st Class) is a proconsul figure. Arriving penniless in this country after distinguished wartime service, he moved into educational publishing and built up Pergamon into a successful if controversial company; his recent turning around of British Printing and Communications Company has been less controversial. He gained control of the Mirror Group early in 1984 and is now moving strongly into satellite television. He was Labour MP for Eppingham from 1964-70 and remains a member of the Labour Party

order, and it's obviously the kind of thing no other company has done." Maxwell is in the market for the contract printing of national papers; others, as well as his own. It is, he says, an idea whose time has come, and if Fleet Street is to learn any lessons from him, this may be the most valuable one.

The contract printer will make it possible for lots of people to start newspapers. The cost of entry into national newspapers was anything between £15 and £300m — you can now order from me a national newspaper and I can get it on the streets for £5m. I have the capacity to do it and with the unions having plenty of spare labour," Mr Maxwell says.

It is a concept at the heart of plans by a group of senior Daily Telegraph journalists to launch a new quality daily in October. The journalists will concentrate on being publishers and all the printing will be contracted out.

Mr Matthew Symonds, of the journalists involved, believes that apart from cutting the cost of entry, "we don't have to get into all the problems of employing armies of printers." The new newspaper will cost £15m to set up and more than a half of the staff of 310 will be journalists. The group considers the paper could break even in

its first year with a circulation of around 300,000. Mr Maxwell believes his contract printing concept could have worked equally well for the management of the Daily Telegraph itself, avoiding the need for expensive new printing plants in Manchester and London.

"The Telegraph had a proposal on the table for BPCC to set up these plants in London and Manchester and contract print it. If Lord Hartwell (the Telegraph chairman) and his management had accepted it they would have remained independent and be very profitable and would never have looked back," Mr Maxwell says.

The Daily Telegraph confirmed last night that Mr Maxwell had offered to take over their Trafford Park plant in Manchester but the offer was rejected because the terms were unsatisfactory.

Spare printing capacity is constantly available. Mr Ben Stoneham, managing director of Portsmouth and Sunderland Newspapers believes one third of the provincial press has spare capacity during the night.

Not everyone agrees that contract printing is the inevitable way forward, with many Fleet Street managements determined to keep control over their own printing. The Guardian (whose main print run is handled by the Times in Gray's Inn Road) plans to move from contract printing and into a £20m plant in London's Docklands next year. And Eddie Shah, despite a revolutionary approach in other respects, has bought his own presses.

Whatever the future of contract printing it is difficult to overestimate the significance of the changes at MGN.

He has achieved a quill brilliant stroke long overdue in Fleet Street. If it doesn't spread to other companies, papers will be at a severe competitive disadvantage," said Mr Frank Rogers, chairman of EMAP, formerly Best Midlands Allied Press, who has been managing director of both the Daily Mirror and IPC. The chief executive of a national newspaper said yesterday: "It is the most fantastic, unaided, achievement in Fleet Street in 25 years."

The savings will give Maxwell the enormous flexibility to cut his cover prices, buy extensive television advertising to back his titles or reduce his advertising rates.

Mr Stuart Allman, senior industrial relations advisor to the Newspaper Publishers Association, believes it is something NMA members will want to aspire to. "Twelve months ago if anyone had said anything like this could happen in Fleet Street they would have been laughed out of court. Now it has happened and these things are no longer pipe dreams," Mr Allman said. Others emphasise it will not be so easy. "There's only one Captain Bob, werned one executive."

Man in the News

President Assad Syrian thorn in Israel's side

By Roger Matthews



has not been resolved but rivalries were defused in classic Levantine style.

Rifaat al-Assad was despatched on a trip to Moscow and en route was told not to return home. For months he cooled his heels in Switzerland and thence from Damascus and that the family split was irrevocable. When Rifaat was allowed back, he found that the Defence Brigade which he commanded had been in part dispersed, thereby reducing his main power base.

The incident revealed that President Assad was fully recovered but also provided an insight into the lack of preparation for a smooth transfer of power in Syria. Assad is capable of delegation — one of the three vice-presidents, Abdul-Halim Khaddam, takes a great deal of responsibility for Lebanese negotiations — but there is no evidence of a single successor being groomed to take over.

Whoever claims the inheritance will inevitably face a series of challenges, not least in seeking to develop the country in ways that President Assad has largely ignored. The Syrian economy and the entrepreneurial skills of its people have for the past 15 years suffocated under the centralised, doctrinaire policies of the Ba'ath Party. Even allowing for the huge size of the annual budget deficits, Assad years have seen little economic innovation or sustained attempt to develop the country's considerable potential.

It is argued in Damascus that such issues must remain secondary to the prime objective of internal stability on which rests Syria's capacity to defend Arab interests in the face of what is seen as Israel's determination to expand its borders.

Few Syrians doubt that there will one day be another war with Israel. President Assad is credited, even by some of his opponents, with ensuring Israeli respect for Syria's capacity to resist. The past week's events seem to have confirmed their judgment.

objective is to turn the Arab clock back to before November 1977 when President Sadat arrived in Damascus to seek a Syrian blessing for the trip he was planning to Jerusalem the following weekend.

Assad was appalled. Sadat's initiative, he warned, would only divide the Arab world and would not achieve anything for the Palestinians. The Syrian President remains convinced that, for negotiations to stand any chance of success, the Arab nations have to be united and move much closer to achieving military parity with Israel.

Most of his actions and the ruthless determination with which he pursues them stem from that conviction. It dictates close co-operation with the Soviet Union, as the main sup-

plier of weaponry, and deep suspicion of the US which is pledged to maintain Israel's military edge. (In Damascus the US is considered to be hostile to the concept of Arab unity.) It also presupposes a firm power base in a country which before Assad took over in 1970 could be relied on to provide a coup or a revolution as an almost annual event.

Initially, Assad operated from a narrow base as both a member of the minority Alewite sect, which forms less than 15 per cent of the population, and as an air force officer. But although he has never won popular affection, he has inspired loyalty among several of the key men closest to him. The military plots against him have usually originated at junior officer level. The response has been fierce and bloody. Military officers have been executed; the civilians in Hama who rose under the leadership of the Muslim Brotherhood in 1982 were mercilessly shelled for a week and part of the town was subsequently razed when troops finally entered it.

The scale of the Assad response was such that few Syrians believe that the Muslim Brotherhood can rebuild for many years. The main danger to him now, it is thought, is his own health.

In the autumn of 1983, President Assad suffered at least one heart attack. His incapacity sparked a struggle for the succession in Damascus in which his younger brother Rifaat played a key role. The issue

BASE LENDING RATES

Table listing various banks and their base lending rates, including ABN Bank, Allied Dunbar & Co., American Express Bk., Amro Bank, Henry Ansbacher, Associates Cap. Corp., Banco de Bilbao, Bank Hapoalim, Bank Leumi (UK), BOCI, Bank of Ireland, Bank of Cyprus, Bank of Jodja, Bank of Scotland, Banqua Belge Ltd., Barclays Bank, Beneficial Trust Ltd., Brit Bank of Mid. East, Brown Shipley, CL Bank Nederland, Canada Permanent, Cayzer Ltd., Cedar Holdings, Charterhouse Japbet, Citibank NA, Citibank Savings, City Merchants Bank, Clydesdale Bank, C. E. Coates & Co. Ltd., Comm. Bk. N. East, Consolidated Credits, Continental Trust Ltd., Co-operative Bank, The Cyprus Popular Bk., Duncann Lawrie, E. T. Trust, Exeter Trust Ltd., Financial & Gen. Sec., First Nat. Fin. Corp., First Nat. Sec. Ltd., Robert Fleming & Co., Robert Fraser & Ptrs., Gridlows Bank, Guinness Mahon, Hambro Bank, Heritable & Gen. Trust, Hill Samuel, C. Hoare & Co., Hongkong & Shanghai, Johnson Matthey Bkrs., Knowsley & Co. Ltd., Lloyds Bank, Edward Manson & Co., Meghra & Sons Ltd., Midland Bank, Morgan Grenfell, Mount Credit Corp. Ltd., National Bk. of Kuwait, National Giro Bank, National Westminster, Northern Bank Ltd., Norwich Gen. Trust, People's Trust, FK Finans. Ltd. (UK), Provincial Trust Ltd., R. Raphael & Sons, Roxburge Guarantee, Royal Bank of Scotland, Royal Trust Co. Canada, Standard Chartered, TCB, Trustee Savings Bank, United Bank of Kuwait, United Mizrahi Bank, Westpac Banking Corp., Whiteway Laidlaw, Yorkshire Bank, Members of the Accepting Houses Committee, 7-day deposits 8.00%, 1-month 6.50%, 3-month 5.25%, 6-month 4.75%, 12-month 4.25%. At call when £10,000+ remains deposited. Call deposits £1,000 and over 6.00% gross. 21-day deposits over £1,000 8.25%. Mortgage base rate. Demand dep. 2%, Mortgage 13%.

مكاتبنا في لندن



Pupils at Brackenhoe school, Middlesbrough. Mike Aron

Job prospects in the UK

Two classes of the mid-1980s

By Nick Garnett

"I love my job but it is heart-breaking. Many of the kids are on the scrapheap before they are even looked at..."

"The picture is very good. Employers are the ones who are competing. Most kids get exactly what they want..."

PUPILS approaching school leaving age at Bracknell's Easthampstead Park comprehensive in the middle of Berkshire's high-tech and office employment belt receive an impressive 12-page interview and application file from the school's careers office.

At the back is a separate section entitled "And now for the big day... the interview" complete with a drawing of a smiling bespectacled prospective boss in a pinstriped suit.

Of the 150 who left Easthampstead Park last year not wishing to go into further education, two-thirds walked straight into a job. Another 10 per cent went into the Youth Training Scheme which should lead to a job. Only one-tenth of the former pupils were registered unemployed and that figure has probably been cut now by at least half.

"Any of our kids that don't get a job feel very unemployed because it's like having only one leg in a health colony," says Mr Michael Howe, Easthampstead Park's headmaster. "You stand out."

Three hundred miles north, the yawning gap in job opportunities, career prospects and available training that has opened up in Britain is all too clear.

"In my gloomiest moments I think the best thing we should do is prepare the kids for export," says Mr Norman Britram, head of Brackenhoe Comprehensive, Middlesbrough. Last year the number of pupils

from his school and the other comprehensives in the compact town on the river Tees who had walked into a job at 16 was pitifully small. Out of 200 who went out of education from Brackenhoe, only 23 are known to have found employment. A quarter went on to the dole and around 60 per cent into YTS.

In the county of Cleveland almost two-thirds of young people completing YTS remain unemployed. The other week nearly 4,000 young people were registered unemployed at the county's careers offices but on the one day of the week that notified vacancies are checked there were just eight of them in an area of almost 600,000 inhabitants. Of the tiny group who took up jobs after leaving Brackenhoe, only half a dozen went into work with some kind of career structure.

The Thames Valley and the north-east express the contrast in job opportunities in the most painful way. With its roll call of "who's who" in the computer and advanced engineering industries like Honeywell and 3M, Racal, Ferranti and British Aerospace, Bracknell is at the other end of the British economic spectrum from Middlesbrough, weighed down by its industrial past and an employment base that has broken apart.

Bracknell's 7 per cent unemployment rate is less than one-third of that of Middlesbrough. The top floors of the best hotel in the north-eastern town are boarded off because there isn't the business. A large expanse of land near the centre lies empty, closed to take the Government's Property Services Agency and its 3,000 jobs until the Conservative Government cancelled the move in 1979. A decision universally condemned in Middlesbrough as a disaster.

Middlesbrough has recently had some good news with offshore construction orders

though these are not "permanent" jobs that will be built into its employment base.

Brackenhoe and Easthampstead Park are described by their education authorities as representative. Their success rates measured in terms of exam passes and jobs is about average for their counties. But the schools are quite different and these differences seem to encapsulate the drive and purpose of those areas with buoyant employment and those other and perhaps larger population centres that have seen their place in the scheme of things vanish during Britain's decline as an industrial power.

Easthampstead Park in lovely grounds and with a fine 1880s

which companies visit schools, provide managerial training for teachers and in some cases channel money for school equipment. Such links show what can be done by hand work on the part of teachers like Mr Howe and with a common interest among employers.

Very little close contact of this kind exists in Cleveland. But it is difficult to see how it could be otherwise when many if not most companies are still struggling to survive, require little new labour and probably see no common purpose. ICI has its own separate and well managed YTS training programme but took 130 from schools last year against 200 five years ago. Employers in Bracknell, however, are con-

cerned that declining school rolls would leave them short of labour.

"My job is to prepare young people to take their place in society and in this part of the world that means taking up a job," says Mr Howe. He says parents are keener for their children to leave school later to improve their chances of getting a good job. Those who go to the sixth form college next door to Brackenhoe also improve their job chances. But unlike the Berkshire school where all sixth formers went to higher education or employment, one-fifth of Bracknell's sixth formers went onto the dole.

The careers teacher at Bracknell is trying to forge links with employers. Easthampstead Park this year sent

Three hundred miles north of Bracknell, the yawning gap is all too clear

frontage draws children from mixed local authority and private housing. Pupils must wear blue pullovers and there is an air of discipline though no corporal punishment. Only 7 per cent of children are entitled to free school meals. At Bracknell behaviour is more unruly though the cane can be used, for more pupils live on council housing estates and 46 per cent of them take free school meals. But low pay, high unemployment, poorly developed home ownership and a smaller middle class are now simply typical characteristics of many northern urban areas.

Most of the Berkshire schools have developed close links with local industry and in this they are unusual, even for the south. This operates partly through a schools-industry group through



Careers class at Easthampstead Park school, Bracknell. Hugh Routledge

370 pupils on work experience to 220 local companies, but there is nothing like that at Bracknell. Many employers in Middlesbrough simply do not feel the need for such links when one job at Halford's bike shop attracts a rush of 400 applicants.

Compare that with the experience of Andrea Lyons, a perky 17-year-old who left Easthampstead Park with 4 O levels and 2 GCSEs, had three interviews and got three job offers.

High unemployment casts a long shadow over training as well as job prospects. Mr Ray Hurst, Cleveland's principal careers officer, is confronted with dispiriting statistics every working day. Of the nearly 6,000 young people registered unemployed at careers offices on Teesside, 2,000 left school or college before this year and have never had a real job. Six years ago, 2,500 school and college leavers went into apprenticeships on Teesside but now it is less than one sixth of that, including YTS.

"We want in YTS work, but investment in training cannot be divorced from the need to ensure there is something at the end of it for the majority of young people," says Mr Hurst. "Ministers do not seem to be concerned about the quality of jobs kids get. A lot have left YTS and got jobs where they are not going to get formal training. Some wait three or four years before getting a proper job." The only answer, he believes, is state-sponsored training of at least three years duration by employers. Mr Hurst's counterpart in Berkshire has quite different problems—including 340 vacancies for young people with no takers.

Both Easthampstead Park and Bracknell have so-called TYVEK computer awareness facilities funded by the Manpower Services Commission. But unlike the Berkshire school, where

places are oversubscribed, at Bracknell they cannot get enough pupils interested to fill the places.

Mr Britram accepts that computers will not help his pupils much to get jobs locally but he hopes it will make them more marketable to the outside world with less of a stay-at-home mentality.

Teachers in Middlesbrough believe their pupils have the same aspirations as they always had but to an outsider they look to be losing their competitive instincts—even though unemployment is still a stigma. Many like Safia Latif, who is doing eight O levels, remain cheerful and level-headed. John Armstrong is determined to go to university to better his job prospects and Michael Bishop, doing Oa and CSEs has already decided there is no chance of getting a job with a private company and is heading for the Army or police cadets.

Others though seem completely baffled about what is going on around them. It is hardly surprising when among a small random group of fifth formers, half are discovered to have unemployed fathers.

The teachers too seem caught in a dilemma. Do they pretend the jobs crisis does not exist and press pupils towards better exam results? Or do they start telling them at an early age that in conventional terms and for the foreseeable future their adult life might be blighted before it begins unless they look to leaving when they are older? Some pupils complain that some teachers have lost interest.

Mr Hurst, principal careers officer on Teesside for 20 years has no doubt about the long term consequences of very high unemployment. "There's a sheer waste of talent here even for many in jobs. Unless we regularly meet the aspirations of young people we are just not going to have an efficient and settled workforce."

The Westland affair Lifting the lid off Whitehall

By Lionel Barber

PEOPLE READING about the Westland affair must have been struck by the amount of government information available in the press.

The information has ranged from extracts of ministerial conversations in Cabinet to precise detail on decisions between the Ministry of Defence and the Departments of Trade and Industry on industrial and defence procurement policy.

The campaign by Mr Michael Heseltine, the Defence Secretary, to open up a debate on the future of Westland has led to charges that he has breached the doctrine of Cabinet responsibility. In fact, his greater sin may be that he has lifted the veil on a time-honoured secret: that there is unanimity on high policy questions within the bureaucracy and that cabinet and divisions of opinion are the preserve of Parliament.

The Westland affair has revealed sharp differences between the MoD and the DTI. Mr Heseltine argues that collaborative production within Europe of defence equipment should be an over-riding aim of British policy.

Mr Heseltine's argument is that without such collaboration Europe's defence industries are already, or soon will be, too weak to withstand US competition. Others though seem completely baffled about what is going on around them. It is hardly surprising when among a small random group of fifth formers, half are discovered to have unemployed fathers.

The teachers too seem caught in a dilemma. Do they pretend the jobs crisis does not exist and press pupils towards better exam results? Or do they start telling them at an early age that in conventional terms and for the foreseeable future their adult life might be blighted before it begins unless they look to leaving when they are older? Some pupils complain that some teachers have lost interest.

Mr Hurst, principal careers officer on Teesside for 20 years has no doubt about the long term consequences of very high unemployment. "There's a sheer waste of talent here even for many in jobs. Unless we regularly meet the aspirations of young people we are just not going to have an efficient and settled workforce."

either "off the record" or "strictly non-attributable," newspapers have been full of phrases such as "Mr Leon Brittan, Trade and Industry Secretary, apparently feels," or "Mr Heseltine's supporters argue."

The result has been a succession of ill-sourced scare-mongering stories about the way in which either the Sikorsky/Fiat rescue plan or the rival European aerospace consortium offer will turn Westland into a "tin-hasher"; more seriously, it has meant that some newspapers have largely focused on the personality clash between Mr Heseltine and Mr Brittan to the exclusion of the policy issues underlying the Westland debate.

How would newspapers in the United States have covered the Westland story?

In the US, quality newspapers such as the New York Times or the Washington Post resist any attempt by the Washington bureaucracy to hide behind roundabouts. Federal officials are relatively relaxed about voicing their differences of opinion. Members of President Reagan's Cabinet and the senior officials regard the press as a vital conduit for their views and as a channel for informed public debate.

It is doubtful whether future industrial policy decisions in Britain will stimulate the same debate or lead to the same torrent of information from within Whitehall.

Institutional shareholders, who are expected to vote on the rival offers at an extraordinary general meeting on January 14, say claims and counter-claims have made the Westland board's eventual decision more difficult.

Three London merchant banks, Lazard Brothers, Morgan Grenfell and Lloyds Merchant Bank, are uneasy about the way in which the political debate has undermined their attempts to negotiate in private.

Against these misgivings must be set the way in which the public has been given a rare insight into the workings of Whitehall and the British Civil Service. For a moment, one might almost have thought one was back in Washington.

Lionel Barber spent three months last year in Washington. He is the author of the 1985 Laurence Stern Fellow.

Leveraged bids

From Lord Hacking

Sir.—Quite apart from the battles currently raging over the Elders IXL bid for Allied Lyons and the Argyll bid for Distillers, I believe there should be a great deal of concern over the use in the United Kingdom of the US style "leveraged" take-over bid. Colourful new terms such as "poison pill," "golden parachute" and "greenmail," may now be added to the language of takeovers but this form of hostile takeover has unacceptable features as the Federal Reserve Board has recognised in the United States.

The characteristics of a leveraged bid are, of course, that it is made by a rampoap with a smaller asset base for the shares of a company with a much larger asset base, that it has a large element of a cash offer and that it is achieved by huge debt financing. Thus the offeror company has to rely heavily not on his balance sheet but that of his target and thus, as night follows day, it and its target are left with a vast debt which is so large that it cannot be discharged by any normal process of rationalisation.

Recent experience of the leveraged bid in the US provides examples of the offeror breaking up its target company and disposing of its assets. Debts may thereby be quickly discharged but healthy and well managed US corporations have been, or are in danger of being, broken up without safeguards for the industry in which they operate or the public interest at large. During the last few months, at least one major US corporation has literally been pulled apart in the course of such a leveraged acquisition.

The interests of the shareholder in a takeover are not the same as the interests of the public. If this was not so, there would be no need of the Monopolies and Mergers Commission. Public interest is, however, particularly threatened by the leveraged bid because every decision, which is made in its wake, becomes dominated by the necessity to reduce or discharge the huge borrowings upon which it had been launched. Thus, until this form of takeover has been fully examined and, where necessary, ground rules established, I suggest that all major leveraged bids should be referred, as has been done by the Elders IXL for the bid by the Monopolies and Mergers Commission, and until this exercise has been carried out, it would be prudent to regard the leveraged takeover as a potential threat to public interest. This threat is the more important as all the major UK companies

who are targets of hostile leveraged bids, are not permitted to adopt defence strategies which are permissible in the US. In this sense, it is easier in the market place of the UK for an offeror to be leveraged bid to operate and for public interest to be put in jeopardy.

It is to be hoped, therefore, that the current bid by Argyll for Distillers will also be referred to the Monopolies and Mergers Commission. I believe it is clearly in the public interest that it should be.

Hacking. House of Lords, SW1.

Re-nationalisation of companies

From Mr R. Metcalfe

Sir.—I listened with some interest to the remarks of the Labour leader concerning the re-nationalisation of companies if and when a Labour Government came into being.

Mr Kinnock made it plain that shares would be purchased by the Government from the original selling price. Someone ought to explain to the Labour leader that the so-called big institutions are made up to a large degree by the occupational pensions funds. As a contributor to one of those funds I look to the managers to seek the best possible return on mine and other people's payments as a means to secure the future.

R. Metcalfe. National Association of Colliery Overmen, Deputies and Shootfirs, Wearmouth Colliery, Sunderland.

BSC assets in Scotland

From Professor D. Myddelton

Sir.—Dr Bray (December 30) asks whether Elin a year—the cost of keeping Carsoch going—is not a small "insurance premium" to pay to preserve "for a few years yet" the assets of British Steel Corporation in Scotland. Of course he is asking taxpayers to pay it.

I suppose Dr Bray is one of the Labour MPs who voted to nationalise steel in the mid-1980s. That was a very expensive decision for taxpayers. By my reckoning, since 1968 it has cost about £14bn in inflation-adjusted losses before interest.

Those of us who opposed re-nationalisation at the time may be forgiven for a certain amount of impatience with those who want to pour still more of our money down the drain. If it is such a wonderful investment, why doesn't Dr Bray persuade profit-seeking investors to put up enough money to purchase the "large assets" in Scotland as they are being worth much.

(Professor) D. R. Myddelton, Cranfield School of Management, Cranfield, Beds.

Copyright theft

From Mr J. Baillie

Sir.—At last, count I owned some 20 re-usable video tapes. All of these contain recordings which my family and I watch and then obliterate by recording over — i.e. classical time-shifting use of video recorders.

Mr Deely (December 24) complains that his titles are "copied from rented video tapes or TV." The latter appears to be precisely the use which I am making and does not harm Mr Deely in the slightest. The former would require complex equipment not normally in the possession of the average video tape user. All the evidence is that there is very little practical re-recording from tapes in the video field as far as normal users are concerned.

For rented tapes the average rental is now about £1 or £2. Who is going to tie up a £5 or £6 tape to hold something which can be secured for £1.

Is it not about time, that those who have benefited very considerably financially, from the mechanical production techniques such as video tapes and sound recording accept that it is a concomitant that home recording for private use is integral with such concepts and it is copyright infringement. It was TV that damaged the film industry and video recording which created additional income. That is not to say that there is not piracy by commercial interests which should be stamped on vigorously but to smoke that with home recording is total nonsense, both economically and morally. To have to pay 10 per cent more on one's equipment and blank tapes would in the case of video be an imposition on the public.

There is a slightly better

case to be made for sound re-recording levy but in the end there is little if any real economic evidence on the alleged damage to the industry that stands up to critical examination.

All the figures are produced by hypothesis as to possible sales in an ideal world which never existed. Unfortunately, these figures have been widely publicised by interested parties in the industry while the figures on the consumer's side have had little publicity so that an imbalanced picture has been represented to the public. Consumers can rarely afford full page advertisements in the Financial Times to refute ill considered and erroneous statements.

Jain C. Baillie, 20 Chester St, SW1

Hard cheese in Wales

From Dr P. Llewellyn

Sir.—Andrew Murray's account (December 24), "Not easily made in Wales—hard cheese they all said"—made compulsive reading.

It is surely a tribute to the man that he can write so philosophically (others would probably have been carried off screaming long ago) and still has the determination to continue his struggle.

But is it not, too, a sad indictment of the care-less, initiative-stifling, bureaucratic mentality all too widespread in the public (ie non-accountable, non-productive, undisciplinable) sector that still afflicts Britain today. One wonders whether even the Prime Minister and her most determined Ministers have any answer to this problem.

(Dr) P. G. Llewellyn, 2215 Frederiklaan 30, Prins HW Wussenaar, Netherlands.

Changing jobs

From Mr I. Kenna

Sir.—I refer to Mr E. S. Thomas' offer of December 27. The official actuarial guidance note (GN11) advises that, in respect of incoming transfers, the actuary should "take account of expected salary increases in cases where 'added years' are to be credited."

In the case of outgoing transfers, there is no such advice in

Letters to the Editor

respect of expected salary increases. Pensionsable service out thus inevitably translates into lesser "added years" in.

Your article of December 19 is therefore correct in implying that there is some cause for dissatisfaction among people changing jobs.

I. J. Kenna, 72, Compton Street, ECL

Enjoying the trip

From Mr D. Brierley

Sir.—On the Saturday before Christmas we enjoyed a day trip to Charing Cross station. Since it was my wife's birthday, we celebrated with a cup of coffee at the Casey Jones there. We had intended to go to Boulogne but the Channel was too rough for hovercraft. Also no Townsend Thoresen ferries sailed because of a strike. To cap it all French Sealink also had a strike.

Naturally we have been much heartened a week later, to read Townsend Thoresen's assertion that the Channel tunnel would be a "total disaster".

David Brierley, Old Farm, Harthall Lane, Kings Langley, Herts.

Helicopters in London

From Mr J. Harrington

Sir.—If helicopters were to land in central London, given their current noise level, then it would seem appropriate to have them land at a very high altitude so that the noise would minimally penetrate to the public in the street. Perhaps a 1,500 ft tower could be constructed on the bank of the Thames, with appropriate protection against falling machinery (in light of the 1977 Pan Am building disaster) and have the helicopters land on top of the building. This would satisfy the concept of proximity and quietness.

Of rather greater significance is the fundamental question of why helicopters have to be so noisy. Surely one could develop a method of reaching a suitable flying altitude without the need for a misly large rotating mechanism. One might ask why a balloon type of device could not be used for hoisting the helicopter aloft to a height at which it could then be propelled by the motors without their being annoying to ground level people. A similar balloon type mechanism could again be used to lower it again one it had reached its destination.

Jan R. Harrington, PO Box 746, General Post Office, New York, NY 10001, USA.

BUILDING SOCIETY RATES

Table with columns for Building Society Name, Share Price, and Other details. Includes entries for Abbey National, Aid to Thrift, Alliance and Leicester, Anglia, Barnsley, Bedford and Biggles, Bristol and West, Britannia, Catholic, Century (Edinburgh), Chelsea, Cheltenham and Gloucester, Chequert, City of London (The), Coventry, Derbyshire, Frome, Gateway, Greenwith, Halifax, Heart of England, Hemel Hempstead, Hendon, Hincley and Rugby, Lambeth, Laxminster Spa, Leeds and Holbeck, Leeds Permanent, London Permanent, Midland, Mornington, National Counties, National and Provincial, Nationwide, Newcastle, Northern Rock, Norwich, Packham, Peterborough, Portman, Portsmouth, Property Owners, Regency, Scarborough, Skipton, Stroud, Sussex County, Thrift, Town and Country, Wessex, Woolwich, Yorkshire.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

UK COMPANY NEWS

ICH in takeover talks with MKI

International City Holdings (ICH), the money broker group which came to the stock market last October, has started takeover talks with MKI Investments, a New York-based security broker. The deal could be worth up to £10m (£15m).

ICH's chairman, said he hoped for an agreement in principle within a matter of weeks. The deal is expected to comprise cash and shares to be issued at a later date depending on MKI's performance.

GKN sells fasteners division to management

Guest Keen and Nettelfolds is selling its fasteners division to the group's own management for £11.5m. The sale is a complex package of assets involving five banks in four countries.

Shaw Carpets hit by downturn in peak period

Shaw Carpets, the tufted carpet manufacturer, has tumbled into the red and is passing the interim dividend for the six months to November 1985. The loss of £564,000 pre-tax, against a profit of £33,000, follows a warning in August by the chairman, Mr J. W. Hartley, that margins were under increased pressure.

Chairman quits and loss expected at Assoc. Energy

MR PAUL HOWLETT has resigned as chairman of Associated Energy Services, the USM-quoted building, environmental and catering services group. He will be replaced by Mr W. M. L. Fullerton.

Royal London sharp rise in terminal bonus rates

Royal London Mutual Insurance Society, a leading home service insurance group, has announced substantial increases in its terminal bonus rates, its Special Final Bonus, payable on maturity and death claims arising in 1986.

Scottish Widows' record year

LEADING SCOTTISH life company, Scottish Widows' Fund and Life Assurance Society, announced record new life and pensions business in 1985 with new annual premiums up 17 per cent from £40m to £53m, and single premiums rising 9 per cent.

Worthington cuts losses

A. J. Worthington (Holdings), the Staffordshire-based textile manufacturer, has considerably reduced first half losses from £223,000 to £49,000. Although the result is still considered disappointing by Mr S. Friedland, the chairman, he says that "we are making progress in what is considered a highly competitive business."

COMPANY NEWS IN BRIEF

RESULTS LONDON CREMATION Company reports higher taxable profits of £49,662, against £42,864, for the six months to end-September 1985. Turnover was £315,900 (£318,911). There is no dividend.

Findhorn suspended

The listing of Findhorn Finance, the whisky stock financing company, was suspended yesterday following the announcement that it will not meet an interest payment due next Monday and is in talks with its bankers and loan stock holders.

FT-ACTUARIES SHARE INDICES

Table with multiple columns: EQUITY GROUPS & SUB-SECTIONS, Fri Jan 3 1986, 1985/86, Highs and Lows Index, FIXED INTEREST, BRITISH GOVERNMENT LINKED STOCKS. Includes various stock indices and interest rates.

BEGINNERS GUIDE TO THE STOCK MARKET. Advertisement for Investors Chronicle featuring a cartoon character and text describing the 'Beginners Guide' booklet. Includes contact information and pricing.

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UK COMPANIES

Equity & Law's terminal bonus rates up slightly

SLIGHTLY HIGHER terminal bonus rates paid in claims in 1985 have been declared by Equity & Law Life Assurance Society. However, the main reversionary bonus rate for 1985 remains unchanged at 54.50 per cent of the basic benefit and attaching bonuses.

Black Arrow purchase

BLACK ARROW has agreed terms to acquire Associated Furnishings Holdings, subject to receipt of a satisfactory report from investigating accountants.

Table for Granville & Co. Limited, Over-the-Counter Market, listing various companies and their prices.

INTERNATIONAL COMPANIES AND FINANCE

James Buxton explains why two switchgear makers are moving towards a merger Reshaping Italian telecommunications

FOR THE second time in four years Italy is reshaping its telecommunications industry. Over the next 12 months foundations are to be laid for a partial merger of the two indigenous manufacturing companies, Italtel and Stet.

LI.199 bn (\$720m). However, it is clear that Italy and its consortium in Italy amount to only a marginal producer in a world where Europe apart, telecommunications manufacturing is in the hands of very big companies able to spend vast sums on the fast-changing research and development.

is to create a strong Italian partner to participate in negotiations with other companies on the future of the European telecommunications industry. STET recognises that not much can be done to rationalise the plethora of current European switching systems, beyond the records on standardisation of telephone exchange hardware signed recently between Italtel, Siemens, COE of France and Plessey of the UK.



Mrs Maria Bellisario, who has cut Italtel's workforce from 30,000 in 1981 to 19,000.

Special charges distort final results from CSX

BY PAUL TAYLOR IN NEW YORK CSX, the US rail and natural resources group, posted net losses of \$440m for the fourth quarter and \$118m for the full year.

NSW neutral on Brierley bid for gas group

THE STATE government of New South Wales yesterday tried to sidestep a neutral stance in the bitter row between Mr Ron Brierley's Industrial Equity (IEL) and Australian Gas Light Company (AGL), the asset-rich NSW utility.

R47m rights issue by ERPM

EAST RAND Proprietary Mines (ERPM), the South African gold mining company, is to raise R47.1m (\$18.6m) by a one-for-one rights issue at R45.00 (about \$22p) per share.

Rossignol sees flat year

BY DAVID HOUSEGO IN PARIS SKIS ROSSIGNOL, the French ski and sports equipment manufacturer, is forecasting that not consolidated profits for 1985-86 will be about the same level as last year's FF 42m (\$5.6m).

G. B. C. Capital Ltd

The net asset value at 30th November, 1985 was £22.57. The net asset value after contingent Capital Gains Tax was £22.32.

US\$ 100 000 000.— Credit Suisse Finance (Panama) S.A.

11 3/4% Guaranteed Notes, Series A, due 1992 and 100 000 Warrants to subscribe US\$ 100 000 000.— 11 3/4% Guaranteed Notes, Series B, due 1992.

LONDON TRADED OPTIONS

Table for LONDON TRADED OPTIONS, listing various options and their prices.

LADBROKE INDEX

1153.159 (+13) Based on FTSE 100 Index Tel. 01-427 4411

EUROPEAN OPTIONS EXCHANGE

Table for EUROPEAN OPTIONS EXCHANGE, listing various options and their prices.

The Notes drawn for redemption will become due and payable on February 3, 1986 together with accrued interest for the period from February 13, 1985 to February 3, 1986.

On and after February 3, 1986 the Series A Notes so redeemed shall cease to bear interest.

As of this date, the outstanding principal amounts are: Series A Notes: US\$ 71 000 000.— Series B Notes: US\$ 29 581 000.—

Zurich, January 4, 1986 CREDIT SUISSE as Fiscal and Principal Paying Agent

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including various stock prices and indices.

STOCK

Table of stock market data for various companies and sectors.

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Early rise with little news

STOCK PRICES moved higher on Wall Street yesterday despite a lack of news...

WALL STREET

week. Volume 5.5m (5.6m) shares. Wickes Co. led the actives...

CANADA

Stock prices were mixed in light session trading. The Toronto Composite index...

AUSTRIA

Stock prices were mixed in light session trading. The Vienna Composite index...

GERMANY

Stock prices were mixed in light session trading. The Frankfurt Composite index...

NORWAY

Stock prices were mixed in light session trading. The Oslo Composite index...

SWEDEN

Stock prices were mixed in light session trading. The Stockholm Composite index...

DENMARK

Stock prices were mixed in light session trading. The Copenhagen Composite index...

SWITZERLAND

Investors jumped into Swiss equities on the first trading day of the New Year...

GERMANY

Share prices closed sharply higher after a very busy session. Both foreign and domestic investors poured back into the markets...

AMSTERDAM

Dutch shares continued higher in trading after a mixed opening. A favourable economic outlook for 1986 and hopes for lower interest rates underpinned market sentiment...

HONG KONG

Firm following selective buying of blue chips, although some profit-taking was noted in the afternoon. The Hang Seng Index finished 16.85 higher...

AUSTRALIA (continued)

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JAPAN (continued)

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NOTES - Prices on this page are quoted on the individual exchanges and are last traded prices. If trading suspended, bid or dividend, or ex-dividend prices, or listings are all. Price in brackets.

CURRENCIES and MONEY

COMMODITIES and AGRICULTURE

FOREIGN EXCHANGES

Short covering boosts dollar

The dollar rose quite sharply in currency markets yesterday in reaction to comments by the Governor of the Bank of Japan...

£ IN NEW YORK

Table with columns for Jan 3 and Prev. close, listing exchange rates for various currencies.

Christmas and the new year and it appeared to be premature to try to establish any fresh trend...

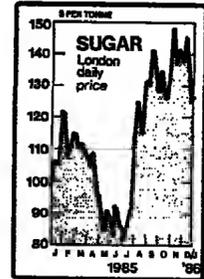
REVIEW OF THE WEEK

Coffee price climbs to 8 1/2-year high

BY RICHARD MOONEY

COFFEE CONTINUED to outshine the other stars in the commodities firmament this week as uncertainty about the prospects for the drought-damaged Brazilian harvest...

Their forecast down to 2.1m bags. The Brazilian Coffee Institute is due to issue its official estimate of the country's total crop at the end of this month.



US MARKETS

PRECIOUS METALS attracted scattered support on heightened tension between the US and Libya, reports Heimold Commodities. Copper remained steady reflecting light buying in sympathy with gold and silver.

NEW YORK

Table listing market data for ALUMINUM, COPPER, and SOYABEAN MEAL with columns for price, change, and business done.

STERLING INDEX

Table showing Sterling Index values from 8.30 am to 4.00 pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing Dollar Spot and Forward rates for various countries like UK, Ireland, Canada, etc.

CURRENCY RATES

Table listing currency rates for Sterling, Swiss Franc, Deutsche Mark, etc.

POUND SPOT—FORWARD AGAINST POUND

Table showing Pound Spot and Forward rates for various countries like US, Canada, etc.

CURRENCY MOVEMENTS

Table showing currency movements for Sterling, US Dollar, Canadian Dollar, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies and terms.

OTHER CURRENCIES

Table showing interest rates for other currencies like Argentina, Brazil, etc.

MONEY MARKETS

UK rates slightly firmer

Interest rates were slightly firmer in London yesterday with sentiment tending to reflect the firming of sterling. Three-month sterling CDs rose to 11 1/2 per cent...

11 1/2 per cent and £102m in hand in the market. In bank 4 bought £27m of Treasury bills and £48m of eligible bank bills...

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

MONEY RATES

Table showing money rates for Frankfurt, Zurich, Amsterdam, etc.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and terms.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Metals, Grains, etc.

INDICES

Table showing financial indices like FT 100, FT 300, etc.

FINANCIAL TIMES

Table showing financial times data for various indices and markets.

ALUMINIUM

Table showing aluminum prices and market data.

GOLD

Table showing gold prices and market data.

COPPER

Table showing copper prices and market data.

LEAD

Table showing lead prices and market data.

NICKEL

Table showing nickel prices and market data.

ZINC

Table showing zinc prices and market data.

SOYABEAN MEAL

Table showing soyabean meal prices and market data.

SUGAR

Table showing sugar prices and market data.

COCAOA

Table showing cocoa prices and market data.

OIL

Table showing oil prices and market data.

SPOT PRICES

Table showing spot prices for various commodities.

GAS OIL FUTURES

Table showing gas oil futures prices and market data.

GRAINS

Table showing grain prices and market data.

RUBBER

Table showing rubber prices and market data.

CRUDE OIL (LIGHT)

Table showing crude oil prices and market data.

HEATING OIL

Table showing heating oil prices and market data.

WHEAT

Table showing wheat prices and market data.

BARLEY

Table showing barley prices and market data.

MEAT

Table showing meat prices and market data.

COFFEE

Table showing coffee prices and market data.

MEAT COMMISSION

Table showing meat commission data and market information.

MEAT

Table showing meat prices and market data.

COFFEE

Table showing coffee prices and market data.

MEAT

Table showing meat prices and market data.

Hawley Group increases stake in Brengreen

Hawley Group, the service industry company headed by Mr. Michael Asprey, has marginally increased its stake in Brengreen Holdings, the major cleaning contractor.

Leading shares move progressively higher and FT index closes 11.1 up at record 1149.6

Account Dealing Dates
Option
First Declared Last Account
Dealings Close Dealings Day

Record levels were achieved in the late-afternoon when the FT Ordinary share index surpassed the November 25 peak of 1148.9 and advanced further to close 11.1 up at a best-ever 1149.6.

Once again investors were wary in the early dealings. An initially weaker sterling exchange rate was one deterrent and the setback on Wall Street overnight was another factor influencing the mood.

Beset with problems throughout the previous year, the Electrical sector responded well as recovery hopes took hold. STC, which received a plethora of New Year recommendations, rose 6 to 106p, while GEC gained 3 to 175p and Racal Electronics 10 to 172p.

News of a brighter trend in early Wall Street trading further encouraged sentiment and values moved higher after-hours to close at the best.

In direct contrast, the gilt-edged sector experienced a rather depressing day. Locking scope at the moment and currently subject to currency fluctuations, the market ran into persistent small selling as the pound came away from its enhanced opening level against the dollar.

Allianz soar
West Germany's largest general non-life group Allianz featured a buoyant insurance sector, leading 125 points to 2705 in response to strong buying in a market short of stock.

1740p, as did Sun Alliance, to 540p. Among life issues, Abbey continued firmly at 216p, up a further 2, a gain of 27 on the week reflecting a New Year investment recommendation and vague rumours of a bid from Citicorp.

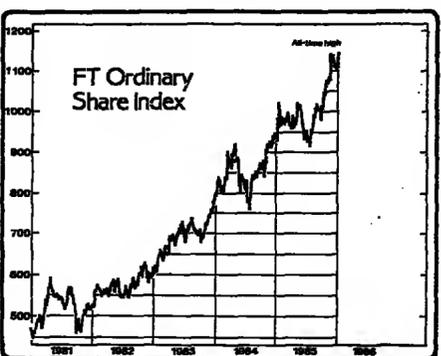
Renewed support ahead of Monday's preliminary figures helped First National Finance Corporation improve 3 to 427p, an advance of 11 on the short-ended week at 170p.

Press-inspired speculation that Argyl Group's £1.9bn bid might incur a Monopolies Commission reference after all prompted the selling of British Trading.

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Allianz soar
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Systems, in contrast, met nervous offerings and fell 11 to 62p. GKN, a further 7 up at 277p, continued to make progress but other leading Engineers showed a strong boost to the Property leaders.

ICI attracted steady demand and closed 8 higher at the day's best of 765p. Buyers continued to favour Croda International, up 2 more at 135p, while Ellis and Everard moved up 4 to 178p.

Habitat better
Habitat Mothercare took a further turn for the better, rising 10 afresh to 485p following the early announcement that its proposed merger with British Home Stores would not be referred to the Monopolies Commission.

Enlivened by news of the order worth around £400m for Stirling advanced lightweight torpedoes, GEC pushed ahead smartly to close 3 higher at 175p.

RMC reacted 452p prior to closing a net 14 down at 462p following reports that the company's pricing policy was under investigation.

Metal Box higher
METAL BOX, the subject of several brokers' recommendations, responded afresh to buying with a gain of 12 more at 550p.

later this month, advanced 7 to 119p. Extel moved up 15 to 330p amid speculation that Dr Marwan has increased his stake in the company.

Compass attracted further speculative interest and rose 3 to 40p, while buying of a similar nature left Ryland 2 better at 56p.

Consolidated feature
Noteworthy movements among Mining markets were again generally restricted to Financials.

Among South African Financials, De Beers still anticipating favourable world diamond sales figure shortly, improved 10 for a two-day gain of 25 to 340p.

Bullish indecisive performance - the metal price fluctuated narrowly before settling 25 cents higher at 8327.5 - ensured yet another non-featuresless session among South African Golds.

Imps edged forward a couple of pence to 258p following the strong rejection of Hanson Trust's bid.

A lively session in Financials culminated with the news that Guinness Peat's offer scrip monious offer for Britannia Arrow had lapsed.

Business in Traded Options still appeared to be having difficulty in regaining its stride after the Christmas and New Year break.

Business in Traded Options still appeared to be having difficulty in regaining its stride after the Christmas and New Year break. Total contracts struck yesterday amounted to 3,462. A fair share of activity was again centred on the FT-SE 100 which attracted 573 calls and 174 puts.

Table with columns: Financial Times Stock Indices, Govt. Secs, Fixed Interest, Ordinary, etc. with values for Jan 3, Jan 2, Dec 31, Dec 80, Dec 87, Dec 84, and Year ago.

Table with columns: Highs and Lows, S.E. Activity Indices, Govt. Secs, Fixed Int., Ordinary, Gold Mines.

Table with columns: Options, First Deal, Last Deal, Settlement, etc. for various stocks.

UNLISTED SECURITIES MARKET
The Financial Times is proposing to publish a Survey on the Unlisted Securities Market on Monday, January 27, 1986.

Table with columns: Recent Issues, Equities, Stock, High, Low, etc. listing various companies and their share prices.

Table with columns: Fixed Interest Stocks, Issue, Stock, High, Low, etc. listing various fixed interest securities.

Table with columns: Rights Offers, Issue, Stock, High, Low, etc. listing various rights offers.

NEW HIGHS AND LOWS FOR 1985/86

Table with columns: New Highs (1982), New Lows (1982), Stock, High, Low, etc. listing various stocks and their price ranges.

RISES AND FALLS YESTERDAY

Table with columns: Yesterday, On the week, Rises, Falls, Same, etc. listing various stock categories and their performance.

THURSDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Thrs., Day's change, etc. listing various active stocks.

YESTERDAY'S ACTIVE STOCKS

Table with columns: Stock, No. of Thrs., Last change, etc. listing various active stocks from the previous day.

4-DAY ACTIVE STOCKS

Table with columns: Stock, No. of Thrs., Last change, etc. listing various active stocks over a 4-day period.

Table with columns: Sterling Issues by Foreign Government and International Institutions, Corporation & County, UK Public Boards, Commonwealth Govt., Foreign Stocks.

Table with columns: Sterling Issues by Overseas Borrowers, Banks, Discount, Breweries, Australian Mines, Traded Options.

Table with columns: Commercial Industrial, AC Corp, ANEC, ARV, etc. listing various commercial and industrial stocks.

Table with columns: Q-R-S, Q, R, S, etc. listing various stocks under these categories.

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STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken from the last Thursday's Stock Exchange Official List and should not be reproduced without permission.

They are not in order of accession but in ascending order which denotes the day's highest and lowest dealing prices.

Table of stock exchange dealings including sections for W-Y-Z, FINANCIAL TRUSTS, UNLISTED SECURITIES MARKET, and SPECIAL LIST.

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts and their performance metrics.

FINANCIAL TIMES CONFERENCES

Aerospace in Asia and the Pacific Basin

Issues to be discussed: Civil aviation in South-East Asia and the Pacific Basin; Airport developments in the region; Workable competition in Asia and the Pacific Region.

Date and Venue: 13 & 14 January, 1986. Shangri-La Hotel, Singapore

Enquiry Form for the Aerospace in Asia and the Pacific Basin conference, including fields for Name, Title, Company/Organization, Address, and Telephone.

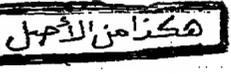
AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including columns for company names, fund names, and numerical values.

INSURANCES

Table listing insurance companies and their respective financial details, including company names, addresses, and key figures.

Handwritten text at the bottom center of the page, possibly a signature or note.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

Main table of financial data for insurance, overseas, and money funds, organized by fund type and company.

Table of financial data for money market bank accounts, including bank names, account types, and interest rates.

Table of financial data for offshore and overseas funds, including fund names and performance metrics.

Table of financial data for offshore and overseas funds, continuing from the previous section.

Table of financial data for options, including 3-month call rates and other market indicators.

Vertical text on the right edge of the page, possibly a page number or additional information.

LONDON SHARE SERVICE

BRITISH FUNDS table with columns for Name, Share Price, and % Change. Includes sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont. table listing various American stocks and their prices. Includes a 'CANADIANS' section at the bottom.

BUILDING, TIMBER, ROADS - Cont.

Table listing shares in the building, timber, and roads sectors, including companies like British Road Builders and various construction firms.

DRAPERY & STORES - Cont.

Table listing shares in the drapery and retail sectors, including companies like Debenhams and various clothing retailers.

ENGINEERING - Cont. table listing shares in the engineering sector, including companies like BHP, British Leyland, and various industrial firms.

INDUSTRIALS - Cont. table listing shares in various industrial sectors, including food, groceries, and other consumer goods.

Handwritten text at the bottom center of the page, possibly a signature or note.

INDUSTRIALS - Continued

Table of industrial stocks including Shell, BP, and various engineering firms.

PROPERTY - Continued

Table of property-related stocks and companies.

INVESTMENT TRUSTS - Cont.

Table of investment trusts and funds.

FINANCE, LAND - Cont.

Table of finance and land-related stocks.

MOTORS, AIRCRAFT TRUCKS

Table of motor, aircraft, and truck stocks.

SHIPPING

Table of shipping-related stocks.

SHOES AND LEATHER

Table of shoes and leather stocks.

OIL AND GAS

Table of oil and gas stocks.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks.

SOUTH AFRICANS

Table of South African stocks.

TEXTILES

Table of textile stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks.

TOBACCO

Table of tobacco stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks.

OVERSEAS TRADERS

Table of overseas trader stocks.

INSURANCES

Table of insurance stocks.

PROPERTY

Table of property stocks.

FINANCE, LAND, etc

Table of finance, land, and other stocks.

PLANTATIONS

Table of plantation stocks.

LEISURE

Table of leisure stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks.

FINANCE, LAND, etc

Table of finance, land, and other stocks.

MINES

Table of mine stocks.

Regional and Irish Stocks section with various market notes and data.

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FINANCIAL TIMES

Saturday January 4 1986

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Libyans ready 'to face US attack'

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

LIBYA reported yesterday that anti-American demonstrations had continued throughout the country for the second consecutive day, in response to US and Israeli threats of retaliation for the airport attacks in Rome and Vienna last week, in which 19 people died.

Tripoli radio said the demonstrators had pledged their determination "to face any attack by the American imperialists and Zionists". It said Libyans were ready to fight and to join suicide squads.

Col Muammar Gaddafi, the Libyan leader, has been accused of providing support for the extremist Palestinian faction headed by Abu Nidal which several countries believe was responsible for the terrorist attacks.

West Germany said yesterday that there was growing evidence of Libyan backing for Abu Nidal but added that it would not join the US call for economic sanctions.

An official said that if the evidence became stronger, the government in Bonn would coordinate joint measures against Libya with its European partners. He declined to speculate about the form such measures might take.

US television networks reported that American forces in the eastern Mediterranean were being built up in case President Reagan ordered a retaliatory strike. There is, however, no evidence that the White House has done more than look at its contingency plans.

There are understood to be about 1,500 US citizens in Libya and their presence severely restricts Mr Reagan's options. The US has repeatedly urged its nationals to leave Libya but its warnings have not been heeded.

There is also a body of opinion within the Administration which argues that military retaliation could be counter-

productive in the wider Middle East context. Iran stressed yesterday that it would not stand by if Libya was attacked while Egypt, itself in conflict with Libya, has urged Israel and the US to show restraint.

Israel has already declared that it will retaliate for the airport attacks, which were aimed at check-in desks of its airline, El Al. The Cabinet has discussed possible targets but officials have stressed that the timing of reprisals remains open.

Members of the right-wing Likud party have argued that the US should not expect Israel always to do "its dirty work" and that it should accept responsibility for hitting back at terrorists.

Mr Malcolm Baldrige, the US Commerce Secretary, said yesterday that he would like to see other countries doing more about halting oil purchases from Libya. "Our trading partners and allies could

certainly do more in this direction," he said.

Patrick Blinn writes from Vienna: The Austrian Government is to re-examine its Middle East policy as a result of the attack at Vienna's international airport.

Dr Fred Sinowitz, the Austrian Chancellor, said yesterday: "We will not allow criminal acts like the attack at Schwechat Airport to change the basic principle of our Middle East policy, but we will take steps against anyone responsible for such terror acts or who lends support [to such acts]."

The Government would discuss all aspects of the issue at its next sitting on Tuesday, the Chancellor added. It is thought important changes may result to Austrian policy, especially towards Libya, its third most important trading partner in the Middle East and North Africa.

Shamir's call, Page 2

Spain and Portugal get modest jobs in EEC Commission

By Quentin Peel in Brussels

MR JACQUES DELORS, president of the European Commission, yesterday avoided a bruising upheaval in his team by organising a limited reshuffle to accommodate three new members from Spain and Portugal.

The newcomers to the European Community's executive body will have to make do with modest tasks in the new 12-man commission, after the present members resisted efforts at a more wide-ranging shake-up.

The most important portfolio in the change-round, social affairs and employment, goes to Mr Manuel Marin, the Spanish vice-president of the commission, who was mainly responsible for the negotiation of his country's membership terms.

Portugal's Mr Antonio Cardoso Cunha has to content with running the Community's fisheries policy, in spite of the apparent unhappiness of his Government. Not only does the job have no real budget, but it could also create conflict with Spain over access for that country's large fishing fleet in EEC waters.

Mr Abel Matutes, the junior commissioner from Spain, has been allocated responsibility for small and medium businesses—a new portfolio—and for EEC borrowing and investment policy.

The shake-up has been negotiated by Mr Delors in personal discussions in recent weeks and still means losses for the present members.

Mr Karl-Heinz Narjes, the West German vice-president responsible for industry and technology, successfully resisted a plan to have of his research portfolio to one of the new members. Mr Stanley Clutton Davis, the junior commissioner from the UK, finally determined not to lose territory to the incumbent who agrees to have lost most to Mr Gregoris Varis of Greece, who will have entirely new responsibilities.

His main job of regional affairs is transferred to Mr Alois Pfeifer of West Germany, to compensate him for losing employment to Mr Marin. Instead, Mr Varis will take on the so-called co-ordination of the structural funds—the social, regional and agricultural investment programmes of most interest to Greece—from Mr Delors.

Mr Varis's other job, of maintaining liaison with the European Parliament, has been transferred to Mr Peter Sutherland of Ireland, who loses social affairs to Mr Marin. It provides Mr Sutherland with the public profile he would otherwise lack in his job of running competition policy.

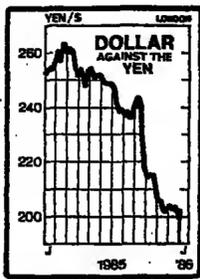
Mr Clutton Davis has had to pay for keeping both transport and the environment, by giving up two minor jobs: forestry to Mr Fred Andriessen, the farm commissioner, and consumer protection to Mr Varis.

Carrington warns Spain and Commission portfolios, Page 2

THE LEX COLUMN

The land of the rising yen

Index rose 11.1 to 1149.6



The equity market has recovered the losses of the autumn in impressive fashion and looks set to carry on upwards when trading resumes in earnest next week. Institutions are even buying shares because they represent good value, which makes a pleasant change from the takeover-riven market of recent months.

The poor Bank of Japan has been trying for months to bring the dollar down against the yen, now it has created such a momentum that the yen is threatening to strengthen too much. In the last four months, the dollar has lost 20 per cent of its value against the yen, and on Thursday, broke through the psychological barrier of ¥200, last breached in 1979. By yesterday, the Bank was anxious enough about its exporters to tell the world that it did not want to see the yen stronger than ¥200 to the dollar before the next economic summit meeting in May—in effect promising interest rate cuts if the market carried on buying the currency.

Of course, the market didn't, and the dollar closed at ¥202.60 in London and strengthened further in New York. Now that the ceiling for at least five months, investors may wonder whether it is worth keeping money in Japan at all.

If the dollar were to weaken against other currencies between now and May, there should indeed be scope for interest rate cuts, which would doubtless go down well in the bond market. Under pressure from the West to reflate its domestic economy, the Government might feel that the passive stimulus of lower interest rates is more politically palatable than the active expansion of public spending.

But Japanese interest rates have now dropped back to the levels seen before the dramatic rise at the end of October, instigated by the Bank of Japan to support the yen. The day after the Bank's intervention, Japanese and US dollar three-month interest rates were more or less level-pegged at around 8 per cent; now there is a differential of 1½ per cent between returns on the two currencies. So the scope for further easing of rates is limited at best.

At ¥200 to the dollar, the Japanese Government must think that it has done its bit—the protectionist lobby in the

US ought now to be satisfied. Unfortunately, the short-term effect of a weaker currency on a country which imports too much is to worsen the current account deficit as the same volume of goods is imported in more expensive foreign currencies. It will take a few months at least before the anticipated fall-off in imports occurs. The average US Congressman campaigning for re-election in the autumn may not be aware of the underlying trend. Unless the Japanese Government can reduce its trade surplus by stimulating its economy very soon, it may be faced not just with a strong yen, but with protectionist legislation too.

Hanson/Imperial

When Hanson Trust announced its offer for Imperial Group last month, it was so charitable towards the Imps management that the defending company's shareholders were entitled to wonder what Hanson could contribute to such a splendidly run organisation. Yesterday's offer document struck a different note altogether. The Imperial Group chairman on whom Lord Hanson had lavished praise last month is now presented as the head of a board which has chalked up "losses" of over £1bn in the past decade.

This is pretty spurious arithmetic—the losses relate principally to earnings and capital value foregone by the disposal of the BAT holding in the late 1970s—but the offer document makes marvellous reading and scores some solid points. Gone is the take-it-or-leave-it approach which characterised last year's

bid for Powell Duffryn. This is clearly a takeover which Hanson means to win. The market, however, is not giving Hanson a ghost of a chance on the present terms. The Imperial share price stands roughly 9 per cent above the value of the Hanson bid and would presumably be higher still in the absence of a referral threat. The price of 182p which Hanson attributes to Imperial equity in the context of the UB deal is scarcely relevant.

Imperial and UB have more or less acknowledged that their merger stands no chance of success on the present terms by deferring the EGM until early March. But, while Hanson is ahead on numbers, it is scarcely winning the commercial arguments. Imps and UB have if anything strengthened the case for a merger since Hanson

announced yesterday's offer document, by contrast, was an effective demolition job but advanced nothing very convincing by way of commercial logic. Hanson's best argument may be that the extension of its cash incentives end share options to Imperial's line management will improve performance. The listing particulars shows that 550 of Hanson's own managers enjoy options over equity with a total value of around £70m. That does look a pretty good incentive.

Guinness/Britannia

Yesterday's deadline saw Guinness' Peat falling woefully short of the acceptance it needed to secure control of Britannia Arrow. While not even the most far-sighted merchant banker could have envisaged the emergence of a concert party as curious and aggressive as the Maxwell/MIM group, the bidder has in some degree been hoist by its own petard. The cash alternative was left to trail behind a paper offer which was vulnerable to market operators and GPK's inability to secure the stake which gave Mr Maxwell his toe-hold may have been decisive. Britannia, meanwhile, has retained a very unusual sort of independence.

With two parties controlling what over 50 per cent of its equity, it must be a sitting duck for anyone prepared to offer 150p or so a share. Yesterday's very modest share price reaction—Britannia dropped 3p to 138p—suggested that the market at least is expecting further developments.

Victory for Phillips in oil royalties battle

By Fay Gjester in Oslo

PHILLIPS PETROLEUM has been awarded just over Nkr 140m (£12.5m), with Nkr 675,000 costs, at the end of a long legal battle with Norway about royalty payments on production from the Ekofisk oil and gas field in the North Sea.

The decision of the Norwegian Supreme Court could set a precedent for the tax treatment of about 35 other oil companies. It could also lead the Norwegian Government to back down on its demand that royalty payments be made quarterly, a month after falling due, instead of half-yearly, three months after falling due.

The award to Phillips represents compensation for extra interest costs incurred because the Government unilaterally changed its agreement with oil companies—under which licences awarded before 1972—that production royalties should be paid half-yearly, and demanded quarterly payment instead.

Two lower courts agreed with the Phillips claim that the Government had no right to do this, and on December 19 the supreme court upheld their judgments. The sum of Nkr 140m represents interest costs incurred between 1977, when the Government began demanding cash payment quarterly, and June 30, 1985.

Before 1977, all royalties had been collected in kind, Norway's new petroleum law, which came into force on July 1, 1985, annulled earlier royal decrees about how often royalties should be paid and confirmed that they should be paid every quarter.

The judgment does not take a stand either way about the legal position after July 1, 1985; that is, whether the Government has the right through the petroleum law to annul the 1965 royal decree which specified half-yearly payments.

Phillips's legal advisers say that if the Government does not amend the new law, and returns to the half-yearly system, the company will probably test the law in the courts, on the grounds that the Norwegian constitution forbids retroactive legislation.

French Kier fires final defensive shot at Beazer

BY CHARLES BATCHELOR

FRENCH KIER, the construction group fighting a £13m takeover bid from C. H. Beazer, the fast-growing housebuilding company, yesterday fired its final defensive volley in the form of an estimate of a much-improved 1985 performance.

French Kier is the latest in a series of housebuilding and construction companies to find itself the object of Beazer's attentions. A rapid string of acquisitions has taken Beazer from a market capitalisation of £5m in 1979 to about £150m today.

The French Kier statement, made on the last business day permitted under the City's takeover code, coincided with an announcement from Beazer that it had received acceptance of its offer from the owners of just 0.6 per cent of French Kier's equity. Beazer extended its offer until January 16.

Beazer already owns a 25.6 per cent stake in French Kier. It bought these shares from Trafalgar House, the construction property and shipping group, last month.

French Kier estimated that its net assets were worth 246p per share though it departed from its normal accounting

practice to include property revaluations and profits still to be paid for completed contracts.

Mr Brian Beazer, C. H. Beazer's chairman and the architect of its recent rapid expansion, criticised the French Kier estimates.

"Nowhere do they tell shareholders where the increase in profits has come from, whether it is from UK business or abroad," he said. "The assets situation is also confusing. They include items which people normally take out."

French Kier's estimate of higher profits and dividends for the year just ended prompted a further small jump in its share price, increasing pressure on Beazer to improve its offer if it wants to win the bid battle.

French Kier estimated that its pre-tax profits rose by 25 per cent to £20.5m on turnover which increased by 13 per cent to £370m.

Earnings per share rose 27 per cent to 23.7p while it expects to pay a total dividend of 8.6p, 40 per cent higher than the 6.15p in 1984.

Mr Beazer estimated that French Kier's assets were only 180p per share if the property revaluations, future profits and

the cost of the final 1985 dividend payment were excluded.

The French Kier estimates were, however, sufficient to push its share price 4p higher to 261p. Beazer's shares fell 2p to 476p to value its offer at just less than 230p per share, well below the French Kier market price.

Beazer is offering two of its own shares and 65p in cash for every seven French Kier shares. There is a cash alternative worth 225p per share.

Beazer has until January 11 under the takeover code timetable to increase its offer if it wishes.

Mr John Mott, French Kier's chairman, dismissed the idea that a combination of civil engineering and housebuilding work would flatten out the swings of the construction cycle.

In a year of frantic bid activity Beazer has acquired William Leech, another builder, for £25m, bought a small US housebuilder for \$3m (£2.1m) made an unsuccessful tender offer for 25 per cent of SGB, the scaffolding group, and paid nearly £5m for G. E. Wallis, another housebuilder.

Boeing wins \$2bn airliner orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING, the world's biggest builder of jet airliners, has won orders worth close to \$2bn (£1.4bn).

They include an order from United Parcel Service of the US, which specialises in door-to-door parcel delivery, for 20 of the new package freighter version of the twin-engine Boeing 737, with options on another 15 worth about \$1.4bn in all.

Boeing has also won further orders from Japan Air Lines for five more of its 747 Jumbo, and one additional twin-engine 767 medium-range jet, worth \$570m in total.

The contracts, which have just been announced, represent deals signed late in 1985. As a

result, Boeing has added them to 1985 contracts list, bringing the total of new jet orders won last year to 380, worth about \$15bn.

In terms of aircraft numbers, this made 1985 Boeing's third best year, after 1978 (472 jet orders) and 1985 (412). In value terms, however, last year was the best.

Boeing said the JAL deal for five 747s included four of the Series 300 stretched upper deck model and one all-cargo version. They will bring JAL's Jumbo fleet to 59.

The order is seen as a gesture of confidence by JAL in the Boeing 747, in spite of the accident near Tokyo last August in

which 520 passengers and crew were killed when a 747 crashed into a mountain.

The 757PF, package freighter model, is designed to carry a large payload of small parcels in up to 15 containers. Mr Dean Thornton, president of Boeing Commercial Airplane Company, said its quiet engines would permit US to fly into noise-sensitive airports and compete more effectively in the small-package industry.

The Douglas Aircraft Division of McDonnell Douglas has been awarded a \$3.39bn fixed-price contract by the US Air Force for full-scale development of the C-17A heavy-lift freighter, up to 1992.

Westland Continued from Page 1

as an attractive element in the Sikorsky/Flat proposal. But Mr Heseltine assured Mr Horne that the Government had no intention of ordering it "whether offered by Short Brothers in association with Sikorsky or by the Government from both the other governments and the companies concerned that a Westland link with Sikorsky/Flat would be incompatible with participation by that company on behalf of the UK in the collaborative battlefield helicopter and NH90 projects.

"There have been separate indications from Agusta that if the Westland deal with Sikorsky went through, Agusta would have to seek other partners."

Mr Heseltine told Mr Horne that there were three future helicopters intended to form

the core of the British armed services fleet in the longer term. These involve a battlefield helicopter, the medium weight NH90, both with five partners, and the heavyweight EH101 between Westland and Agusta.

Mr Heseltine told Mr Horne "there are indications available to the Government from both the other governments and the companies concerned that a Westland link with Sikorsky/Flat would be incompatible with participation by that company on behalf of the UK in the collaborative battlefield helicopter and NH90 projects.

"There have been separate indications from Agusta that if the Westland deal with Sikorsky went through, Agusta would have to seek other partners."

Britannia Continued from Page 1

press Britannia to dispose of some of its assets in order to realise more immediate benefits for its shareholders.

The result also leaves a question mark over Guinness' Peat. The defeat in the first big effort to transform the once-struggling company into an important financial services group. However, he is considered unlikely to drop his ambitions for acquisitions.

Britannia Arrow is in the investment management and banking business. One of its subsidiaries is Singer and

Friedlander, the City accepting house. Guinness Peat has a wide range of interests in the investment banking, property and leasing business. It also owns the accepting house, Guinness Mabon.

The result is also useful for Lazards in the City takeover rankings. The merchant bank was claiming last night that it marked the third time it had defeated Morgan Grenfell in a bid where Morgan's client already held a 29 per cent stake in the target company. The two previous occasions were Sotheby's and Eagle Star.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
A. B. Electronic	206 + 13	Refuge Asscs.	405 + 10
Allians	5705 + 128	Regalian Props.	378 + 40
Allied-Lyons	273 + 8	Mediterr. F.	16 51 + 6
Blue Arrow	205 + 15	Thorn	108 + 17
Cons. Gold Fields	453 + 15	Tomkins (F. H.)	237 + 9
Craton Lodge	133 + 22	Taford Park Essts.	215 + 17
East Rand Cons.	41 + 8	Trusthouse Forte	164 + 6
Flinty (James)	90 + 8	UEI	218 + 8
GEC	173 + 8	Old Concr. & Tech	96 + 25
Grand Metropolitan	411 + 8	United Newspapers	296 + 13
GKN	277 + 7	Willis Faber	817 + 14
Habitat Mothercare	468 + 10	Exc. 12pc 2013-17	£1164 - 14
Lucas Inds.	425 + 15	EMC	227 - 10
McKenzie Bros.	194 + 9	Unigate	237 - 10
Metal Box	550 + 12	Wingate Prop. Inv	105 - 5

UK today: Dry and sunny with outbreaks of rain spreading to all areas. Outlook: Cold with scattered sleet or snow showers.

WORLDWIDE WEATHER

Y'day		Y'day		Y'day		Y'day	
midday	midday	midday	midday	midday	midday	midday	midday
Azores	14 67	Carlu	15 69	Luzumbg.	4 29	Peking	5 15
Algeria	16 51	Calicut	15 69	Madras	16 51	Perth	5 15
America	1 24	Osaka	3 37	Manila	17 48	Qinghai	4 38
Athens	17 63	Obervnk.	14 57	Majorca	14 57	Reykjk.	1 34
Bahrain	16 57	Edinb.	28 66	Malaga	15 57	Rhosodas	5 17
Batavia	14 57	Faro	13 58	Melb.	16 86	Rio J'o	5 17
Bombay	1 19	Frankf.	10 60	M'charr.	3 37	Rome	14 57
Buenos	1 19	Geneve	7 45	Melbne.	16 86	Saigon	14 57
Calcutta	1 19	Glasgow	2 35	Miami	16 86	Singap.	29 84
Canton	3 37	G'msey C.	4 28	Manit.-Sn.	13 3	S' Francisco	10 50
Cebu	3 37	H'gway S'n	5 23	Moscow	11 12	Sydney	22 72
Colombo	3 37	H'gway N'n	5 23	Munch	41	Taipei	18 84
Delhi	4 39	London	18 88	Nairobi	17 63	Tel Aviv	17 63
Dhaka	4 39	La Man	3 37	Naples	17 63	Tenafelt	18 84
Dublin	4 39	Liwan	18 88	Nassau	18 84	Tokyo	6 43
Hankow	4 39	London	18 88	Nice	17 63	Tromsø	11 30
Hong Kong	4 39	Lyons	18 88	Norfolk	18 84	Ulan	5 21
London	18 88	Madrid	17 63	Osaka	3 37	Valencia	13 69
Lyons	18 88	Manila	17 48	Osaka	3 37	Vienna	1 30
Manila	17 48	Medan	17 48	Osaka	3 37	Warsaw	1 30
Medan	17 48	Osaka	3 37	Osaka	3 37	Winnipeg	1 30
Osaka	3 37	Osaka	3 37	Osaka	3 37	Yokohama	1 30
Osaka	3 37	Osaka	3 37	Osaka	3 37		

C-Cloudy, D-Drizzle, F-Fog, H-Hail, R-Rain, S-Sunny, S-Sleet, T-Thunder.

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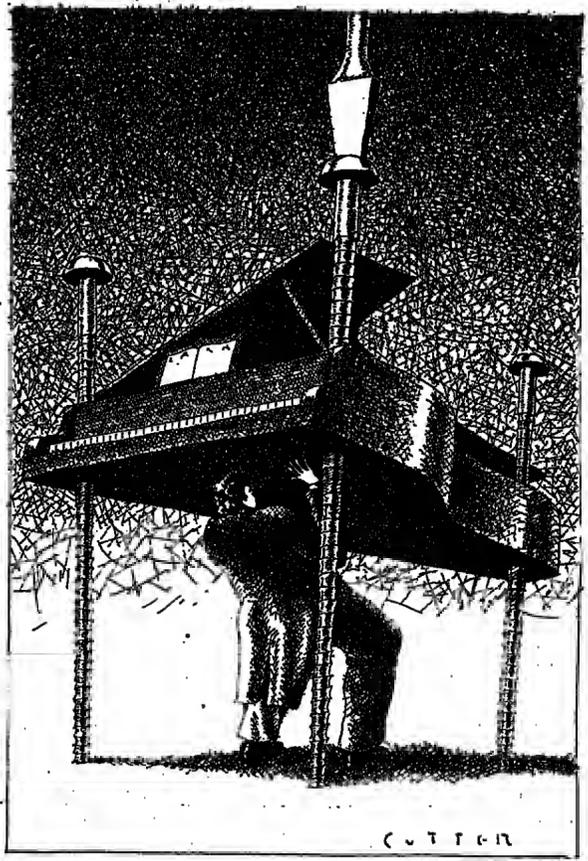
WEEKEND FT

Saturday January 4 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

The music makers

London-based Jose Feghali won a top piano competition—but that alone won't ensure success. Ian Rodger reports.



Jose Feghali performs at the Queen Elizabeth Hall, London, on Wednesday, January 8.

A DINNER party celebrating the debut at New York's Carnegie Hall last October of the young Brazilian pianist, Jose Feghali, was in full swing when Van Cliburn, the US piano sensation of the late 1950s, rose to speak. Cliburn, now a portly 51, is the figurehead of the quadrennial international piano competition in Fort Worth, Texas, that bears his name. Feghali, who is 24 and has lived and studied in London for the past 10 years, was the latest winner.

Cliburn revealed that Feghali had "graciously agreed" at short notice to do a recital the following afternoon in Chicago, filling in for an ailing André Watts. Thus, he would have to leave the party early to get a few hours' sleep. Ah! Here was the stuff of B-movie scripts. The handsome, aspiring performer being ushered out of the party on a wave of applause as he prepares for the big break that will make him a star overnight. And, in the best show-biz tradition, Feghali triumphed the next day. The critic of the Chicago Sun-Times went so far as to suggest that the Brazilian could easily have a career surpassing that of the famous Soviet pianist, Emil Gilels, who had died the previous week. The Chicago Tribune reviewer said Feghali not only had considerable artistic accomplishments but "a natural flair for stage communication."

Real life is not a script, however; back in New York, Bernard Holland, of the all-important New York Times, was writing a rather different reaction to the Carnegie Hall recital. He dismissed Feghali as "a skilled orator without a topic" and concluded that "he is neither a talent nor a virtuoso, but a man who has been put in the spotlight into which he has been cast."

does not translate easily into a career, though. Feghali had already had considerable exposure by the time he went to Fort Worth last spring, and there was no doubt he had been noticed. While studying at the Royal Academy as a scholarship student, he took second prize at the Queen Sophia International competition in Madrid in 1979; first prize in the International Young Concert Artists competition in Tunbridge Wells in 1980; and first prize in the Dudley piano competition in 1981.

He appeared in master classes conducted on BBC television in 1983 by Jorge Bolet and, last year, reached the quarter-finals of the famous Leeds piano competition. In 1984, he was one of six musicians selected to be represented by YCAT. Since then, he has played with the Royal Philharmonic Orchestra and three major provincial orchestras in the UK as well as giving several recitals around the country. In his home, though, he still was putting coins in a jar after each telephone call so as not to be caught short when the bill arrived.

One key to rising above the fringe world of club recitals and Sunday matinee concerts of old favourites is to extract the interest of a good commercial agent. Such a person is crucial to the success of any musician, simply because of the time it takes to make and cultivate contacts and to watch for opportunities. However, music management is almost as tough as the music business itself. Agents live on the strength of the artists they represent. If an agent cannot convince concert halls to book one of his artists, then he has to stop spending his time on that artist and sign up others.

Not surprisingly, the ranks of established musicians with agents are very small. The British Association of Concert Artists lists only 225 pianists in its who's who of musicians and their agents—and that includes all the great foreign players. Of this list, only about six can be counted on to fill the 3,000-seat Royal Festival Hall.

It is, of course, much more difficult for agents to arrange engagements for an unknown artist than a famous one, so they are reluctant to take on even the most talented and promising newcomers. However, one thing that can be counted on to attract the attention of agents is a victory in a big competition.

People in the music business quibble about the relative status of the world's top piano competitions; but the Van Cliburn is, without doubt, the most lavish, as befits an operation run by Texas millionaires. With his victory last June, Feghali picked up \$12,000 in cash, the Carnegie Hall recital, free air travel in the US for two years, and a heavy schedule of recitals and concert dates in North America and Europe for 30 months. More important, he was swamped with offers from agencies wanting to represent him. "I had had some exposure before, but there is no comparison with this," he says.

Music competitions are controversial. Many people fear they do not necessarily push forward the most interesting performers. Critics, in particular, baste them, partly because they focus excessive attention and favour on one person, the winner; and partly because they promote a cult of youth in a field where

experience and maturity count for a lot. Holland's negative review of Feghali was motivated at least as much by his distaste for competitions as from his displeasure with the performance. "This is perhaps the greatest damage that the Van Cliburn and competitions like it perpetrate," he wrote. "They convey the instant stamp of mastery to those who are not yet masters." Few, including Feghali himself, would argue with that. "I am not a master," he says. "The mastery comes years later."

Competitions provide rough and ready solutions to these problems. With their enormous public appeal, they can make an instant and saleable start out of the winner—for a time, at least. This was demonstrated first in 1958 when Cliburn won the Chaikovsky competition in Moscow. Coming only a few months after the Russians launched the first Sputnik, the victory was an enormous morale-booster for the US. Cliburn became a national hero and was given a ticker-tape parade down Broadway.

Since then, virtually every pianist to make an international reputation has done it through winning a major competition. Maurizio Pollini and Martha Argerich won the Chopin competition in Warsaw, Murray Perahia won at Leeds, and Radu Lupu won both the Leeds and the Van Cliburn. A few, such as Dinu Lipatti and Ino Fogelich, achieved fame because of the controversy generated when they did not win a competition.

Winning a competition is no guarantee of a career, though. As Andrew Raeburn, executive director of the Cliburn, says: "Winning is only the beginning." Even the long list of engagements is not crucial. "The key," says Raeburn, "is whether they invite you back." Many competition winners have shone brightly for a moment and then disappeared. Cliburn himself eventually came under severe criticism for not widening his repertoire, and has not played publicly for 10 years.

Competitions are judged by juries and, like any committee, these tend to form a consensus view in favour of the safest candidates—those with flawless technique and few, if any, eccentricities when interpreting popular works. It is inconceivable, for example, that Glenn Gould, the much-admired but unorthodox Bach specialist, could have won a major competition.

Christopher Elton, professor of piano at the Royal Academy and Feghali's teacher for the past six years, says: "We all dislike competitions, but I do not think we have the right to advise our students to stay away from them."

Whatever their merits, they certainly transform the life of a winner. Feghali might have been poor and unhappy before last June, but since then he has been caught up in a swirl of planes, hotels, concert halls, parties and Press interviews from Honolulu to Vienna, all programmed by the all-important agents.

Charles Hamlen, who has taken on Feghali, is recognised widely in the US as one of the up-and-coming agents. He left a high school teaching job in Buffalo eight years ago to set up his own agency with a friend, Edna Landau. That in itself was a brave thing to do because the management business in the US is dominated by two companies, Columbia Artists Management (CAM) and International Creative Management (ICM). Their power stems from the large number of popular artists they manage. If, for example, a concert hall wants to book Pollini, CAM can reply by saying it would be easier to deliver him if the hall also would book Joe Bloggs, a pro-

miscing unknown on its list. It is even more important for agencies to represent conductors because they have a large say in selecting soloists. CAM manages more than 90 conductors.

In Britain, the concentration is not so great: four agencies, Harold Holt, Ibbes and Tillett, Harison/Parrott and Ingpen and Williams lead the field. But in both countries, there are also dozens of independents, such as IMG Artists, Hamlen's agency, which has only 21 artists, excluding ensembles, on its list. The independents do not have the muscle of the big agencies but, like merchant bankers, they live by their wits, hoping for a big break.

An agent has to know all the concert hall managers and major conductors so that he can try to put forward his clients where and when he thinks the response will be sympathetic. The idea is to win the confidence of conductors and hall managers by delivering good artists.

Agents also negotiate fees, book hotels and flights, handle public and press relations, and provide financial advice and other services. For this they charge a 20 per cent commission on all fees, and bill the artist for every expense incurred on his behalf. A top pianist can command more than \$20,000 for a performance; the typical recital fee of a young pianist, like Feghali, is around \$1,000. But UK fees are much lower; a busy agent can make a good living, but a steady cash flow is vital. That is why agencies cannot afford to carry young, but unproductive, artists for very long.

Hamlen claims he angled out Feghali and approached him at Fort Worth well before his victory. "I heard Jose do the Dvorak piano quintet" (Feghali also won the chamber music prize) "and it was alive, exciting playing," he says. "Then I listened to his semi-final recital and it was clear to me that this was someone of real artistic individuality."

The record companies also were in Fort Worth, but a recording contract is still a long way from Feghali, if it comes at all. The big companies—Deutsche Grammophon, EMI and CBS—have fallen on hard times in recent years, partly because of the home cassette taping boom, and they are in no rush to sign up new, young pianists. The recent introduction of compact discs could make things even tougher; the new technology improves old recordings dramatically and is creating a surge in demand for old masters, such as Rubenstein and Cortot. Hamlen makes a virtue of this, saying Feghali should not record something new about which he might be embarrassed later.

All of this must be a bit overwhelming for the young pianist but, so far, he has managed his new life with remarkable poise. "Andrew says the importance of this has not bit yet," he says. "I think I had all the fear before the final. By then, I had felt I could win and then there was this fear of the unknown."

He also has been lucky, though. The New York Times review, in isolation, would have been a devastating blow; but the Chicago raves, coming on the same day, cushioned it. And most of the reviews elsewhere have so far varied from gentle to highly complimentary. His private life has taken a beating and, of course, he has almost no time to prepare new repertoire, but he says he enjoys the routine. "I was worried about being able to live with this but I like it. Now that I am earning my living in it, I am finding that I love music much more than I thought."

● Jose Feghali performs at the Queen Elizabeth Hall, London, on Wednesday, January 8.

The Long View

A dusting of undeserved glamour

QUACK medicines sell because people want to believe in them; and much the same can be said of economic forecasts. Forecasts cannot by nature be high quality products, because they are made from low quality ingredients—official statistics which are often wildly inaccurate when they first appear (you can find details in last week's column, if you still have a copy). The forecasters know this, but they plough on, because forecasts are what the market wants.

This is a great pity; for although forecasts are of some real use to economists—who learn where their current theories are wrong—they are of only very limited use to those who buy them. They are not too bad at growth prediction, but not very good either: hardly anyone expected next year's tight budget of 1981 to mark the start of a recovery, and virtually everyone was far too pessimistic about the US recovery when it came. The record on important numbers like exchange rates and interest rates is really terrible.

Like pill-makers, forecasters are doing their honest bests but the lay world gives them a glamour they don't deserve in the slightest, says Anthony Harris



ery is in the eye of the beholder. This bias has done a lot of damage. Faith in black boxes is now out of fashion, but the disillusioned throw out the baby with the bathwater. Politicians who became disillusioned with management-by-computer also lost all interest in serious economic analysis—but not in panaceas. Instead, we got a wave of simple-minded slogans about

the supply side, or the money supply, or the rules of good housekeeping. Now, at length, we are becoming disillusioned with panaceas, whether or not they are computerised; and that is very good news.

Of course the established policy institutes like the OECD at the official level, the National Institute here and the Brookings in the US have always spent some of their time on useful analyses of specific problems; and more recently specialised bodies like the Institute for Fiscal Studies, which does really incidental work on tax and benefit questions, have flourished.

Now, however, new efforts are being made to encourage academic economists—the whole universe of the best minds in the discipline—to get engaged on practical policy issues, and to analyse them in language which practical policymakers can understand. The National Bureau for Economic Research in Washington has worked for a long time on these lines. Now the Centre for Policy Studies does the same in London, and recently a cross-European effort has been launched round a new book-style journal, Economic Policy.

This academic work reflects current developments in the subject—work on how well-informed expectations really may affect decisions, work recognising that equilibrium (balanced supply and demand) is an abstract idea rather than a fact of life, work on bargaining situations, and attempts to find rigorous definitions of words like "solvent" and "sustainable."

Another value of careful analysis is that it points to answers which are not intuitively obvious. Readers of this column saw one example when Barry Riley showed, a few months ago, that mortgage tax relief is effectively a tax on the young for the benefit of the old. Sweder van Wijnbergen, a Swede who is currently with the World Bank, shows that fiscal expansion in the rich countries, which is commonly touted as a good way to help the poorer countries, actually tends to make matters worse for them.

Again, ideas cannot be filed and forgotten; policies need to be taken out, dusted and re-examined regularly. This is done by a Franco-British team, Paul Geroski and Alexis Jacquemin, who review industrial policy in Europe. It turns out to be dominated by the ghost of an idea which was fashionable 20 years ago, that big is beautiful. They suggest a better approach. It can even be important to show simply that a question is very difficult. Willem Buiter's study of the PSBR and the many suggested alternative measures of fiscal stance is mainly a demolition job, and heavy going; but no reader will ever come up with a simple-minded slogan again.

I must say that I find this kind of approach much more useful and even much more entertaining than number-crunching. As a catalogue, it probably looks like anything rather than fun; but wherever the opportunity arises to steal a good piece of analysis from such a source, I will try to show that it is not only enlightening but even amusing. You can treat that as a manifesto or a grim warning, according to taste.

Economic Policy, Cambridge Univ. Press £9 for 2 issues annually.

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MARKETS

Oil the critical factor in equations for coming year

THERE WAS an air of confidence about the men and women who set off from their investment houses and dealing rooms on Tuesday. It had not been the best of years on the equity market but capital growth of 16 per cent was not bad going on comfortably better than double the rate of inflation. And even the cautious among them could cheerfully tick off a fair list of reasons why equity prices could be a good 10 per cent or more higher in 12 months' time.

The economy might be pushed to match 1985's growth in GDP but at the very least there should be no increase of 2 per cent and possibly, with a following wind, something closer to 4 per cent. Inflation will continue to fall and if the Chancellor's target of less than 4 per cent looks a little too risky there is no doubt that once again the corporate sector will see a real increase in profits. After the last 12 months, when overall profits growth probably only just crept into double figures, 1986 holds out the hope of a further 10, or perhaps even 15, per cent increase in pre-tax profits with marginally lower tax rates pointing to something a touch better at the earnings level. Dividend growth should, more or less, keep pace with earnings.

So the equity market is sitting on a prospective earnings multiple of 11 and a dividend yield of very close to 5 per cent, in keeping with the average figures of the past few years.

Yet even an optimist has to concede a couple of imperfections in the bullish view. The oil price remains critical. It only took a few rumblings from within Opec that its members were no longer willing to sacrifice output in order to sustain the price to clip 5 per cent off the equity market from the 702 high point on the All-Share.

Interest rates remain historically high in real terms and are likely to stay that way for a while. There may be scope for a modest cut ahead of the Budget but there would be no point in seriously trimming base rates only to haul them up twice as quickly to defend sterling if the oil price collapses.

It was only a year ago that short-term rates were jerked up by 4 1/2 points to 14 per cent as the pound rushed towards parity with the dollar.

As long as the oil price remains uncertain — and the next Opec meeting will not take place until shortly before the Budget — Mr Lawson will not want to tamper much with interest rates. But even so, the optimist points out, 1 1/2 per cent

The Budget, however, is more than two months away and consumer sectors are unlikely to keep rising in anticipation. So fund managers wedded to three-month performance tables may be taking a second look at stocks with an international flavour which

London

were abuzz throughout much of last year.

On a short term view it is hard to ignore the uncertainties created by a potentially weak oil price for starting, interest rates and, in the extreme, those engines deserve a cautious approach. As capital allowances dry up the highest problem for many of these companies could simply be a lack of demand.

Electronics, however, which carried away the wooden spoon for '85, might bounce back this year. The reasons for the slump in share prices, which took a highly rated sector and left it standing at a discount to the market twelve months later, are well known but there are reasons to be optimistic now as the outlook for a number of important areas — defence, telecoms and semiconductors — improves. With the benefit of lower cost bases profits in 1986-87 could show a sharp improvement and share prices should react in anticipation later in the year.

In particular the collapse in STC's price appears overdone. Profits for calendar '86 could come out around £70m. A prospective p/e of 12 is hardly cheap on face value but consultants have been crawling all over the group and their findings are now in the hands of new management. Conceivably £70m of costs could be stripped out of the group over the next year.

The other notable weak spots of 1985 were tobacco and chemicals thanks to the impact of a strengthening pound on dollar earnings and international competition. BAT's price has been well hammered but a discount of 45 per cent to the market average seems too harsh.

The prospects for chemicals are less enticing. Both ICI and

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The biggest single factor behind the downturn will have been the performance of Immos, the group's microchip manufacturer, which has been making heavy losses because of the slump in the semiconductor industry and problems with some of its products.

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Fielding, Newson-Smith considers that because USM companies tend to be relatively small and, in many cases, young, they are more than averagely exposed to swings in the economy; and on most assumptions for the UK economy in 1986 the year is, therefore, likely to bring a crop of excellent performers.

Hoare Govett also looks forward to a good year in the light of the buoyant market for equities generally.

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HIGHLIGHTS OF THE WEEK

Table with columns: F.T. Ordinary Index, Price y'day, Change on week, 1985/5 High, 1985/5 Low, and descriptive text for various companies like Abbey Life, Appledore (A. & F.), etc.

Waiting for the Big Bang

LAST year might not have been a stunning one for the USM index — it started 1985 at 112.19 and ended it at 114.52, underperforming the FT-Actuaries All-Share index by 1.4 per cent — but there were few complaints about the junior market's performance. Indeed, the celebrations accompanying the USM's fifth anniversary brought a crop of accolades.

This was mainly out of recognition that a number of special factors had combined to depress the index's performance. One was its orientation towards the long-suffering electronics sector; another was the onset of a greater sense of realism about USM share prices which caused a welcome readjustment of p/e ratios and brought them more closely into line with those of main market stocks.

A straw poll among observers of the USM shows that some of the optimism about the market's prospects has continued into the new year. With many commentators expecting corporate profits to grow at twice the rate of inflation, and predicting a continuation of the bull market in equities for most, if not all, of 1986, the USM might reasonably be expected to make strong progress.

There are, however, reservations. The two principal ones are how well the USM would stand up to a bear market if it were to arrive during the year, and how the junior market will react to Big Bang in the autumn.

The prospect of a bear market is no longer quite as horrifying as it once was. The downward adjustment of p/e ratios has removed some of the market's potential for volatility; and although lack of liquidity could cause a bloodbath among some of the less saleable stocks, the USM as a whole is regarded as having reached a degree of maturity sufficient to see it through the worst.

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COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Table with columns: Company bid for, Value of bid per share, Market price, Price of bid, Value of bid, Bidder.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends* per share (p).

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p).

RTZ rides out the recession

"BACK already, Moley!" I exclaimed, as the furry figure materialised suddenly behind my typewriter in his normal manner.

It was only a fortnight ago that the mole had last appeared, interrupting my thoughts about mining prospects for 1986 with his report on the latest Australian gold rush in Queensland.

"Just called in on the way through after spending Christmas with my pals up-river," he replied.

"Have a good time?" "Not 'arf. Especially at the Boxing Day water sports."

"I'm glad about that but look, Moley, I still have to write something about mining investment in 1986."

"Not a lot to say." "Metal prices might rise a bit, but nobody is expecting much."

"The leading company chairman aren't." "S'right."

"There was a thoughtful pause. Then I said: 'Mind you, in copper, at least, demand is still good. A lot of the highest surplus production capacity is closed and likely to stay that way. Stocks are coming down and some low-cost producers can make profits at even today's prices.'"

"Like Rio Tinto-Zinc," said the mole.

"Just so. What is more, the UK group is moving into new copper deposits that will earn good money, like the rich grade Neves Corvo operation in Portugal."

"And the huge La Escondida job in Chile well I told you about," added the know-all mole.

"Of course," I continued, "RTZ is far more than a copper stock and the group's big spread of other interests in mining, industry and energy shows why it has weathered the recession to the point at which it has cash available to pick up bargains that others are forced to sell."

"Hasn't done the price of the shares much good," sniffed the mole. "Fallen from a 1985 high of 685p to around 517p."

He added, "which puts them on a yield of 5 per cent and an earnings multiple of less than 8 per cent on the basis of the 1984 results. And profits and dividend went up again in the first half of 1985."

"There's the force of market sentiment for you," I said.

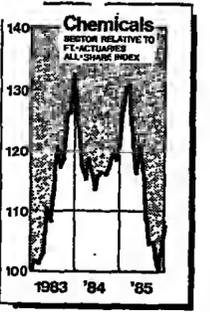
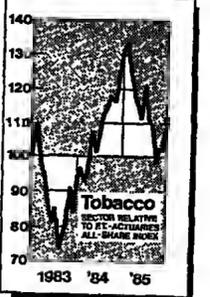
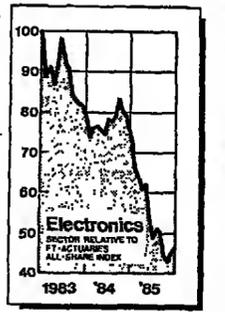
"How do you mean?" "Well, when there's a lively bull market in UK industrial equities to play in, investors are not attracted by a stock which covers interests in South Africa and also in the crisis-ridden tin industry."

"These interests aren't so much, are they?" "No, Moley. RTZ has 5 per cent of its assets in Africa with only 2 per cent in South Africa and the total provided 7.5 per cent of 1984 net profits. It's chipped in just over 1 per cent."

"So perhaps the fall in the share prices has been overdone and RTZ could be worth buying for '86?" mused the mole.

"For much longer than that," I replied.

Suddenly changing tack, the mole said: "There ought to be some money to be made in gold



base rates do not really seem to be impinging on the real economy. Perhaps of deeper concern to Mr Lawson and the equity market is that soggy oil price will cut his revenues sufficiently to undermine the tax cuts pencilled in for the Budget.

Yet the outlook may have to be very bleak to prevent the Chancellor from issuing a reflationary Budget. Even with oil price constraints £2bn or so of tax cuts could be offered to the electronics which should ensure that consumer spending remains the driving force this year — underlining the argument for domestic profit earners — even if it does not win lots of extra votes.

One stock, however, which could stand out from the throng is Habitat Mothercare. The shares have performed badly since the announcement of the BHS merger but BHS

is coming on an attractive earnings multiple and the enlarged group will be lightly geared.

Elsewhere in the consumer sector brewers and distillers have been star performers but largely thanks to a rash of bids that prompted a wholesale reappraisal of the drinks industry. That is unlikely to be repeated in '86 but profits growth could still come out above the industrial average.

first quarter. The market is already well prepared for Mr Lawson raising a further £4bn from his privatisation programme this year. The timetable looks something like this: a second call on Cable and Wireles, £300m, in March, the last call on Telecom the next month raising £1.2bn, Royal Ordnance £200m, British Airways £1bn and the first tranche of British Gas raising something between £2bn and £3bn. Somewhere along the line TSB has to be fitted in.

That would seem to leave the results season of the early months as an obvious window for any large rights issues. The market has earmarked funds for the Wellcome flotation but an overdose of cash calls could easily reverse prices just as it did last summer when Hanson waded in with its £1bn issue.

The bull market may hold good for another 12 months but equities will surely remain volatile. The target range for the year end must be something around 750 to 750 on the All-Share but it could easily touch extremes of 600 or 800 assuming the year contains its fair share of snakes and ladders.

In terms of sector performance it could well turn out that the fashionable areas of '85 slip down the performance tables while the ugly ducklings turn into, at least, respectable-looking ducks. For example, although consumer spending appears all set to be buoyant again it is unlikely that the stores sector can achieve anything like last year's 36 per cent rise.

Certainly the sector should see an above average level of profits increase but that expectation is already well and truly recognised in current share prices with a historic p/e on likely '85 profits of around 16.

The only caveat which could change the bland prospects for stores is the potential for another round of high activity.

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INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

Table with columns: Quoted rate %, Compounded return for taxpayers at 30%, 45%, 60%, Frequency of payment, Tax (see notes), Amount invested, Withdrawals (days).

LEADING BANKS: Halifax, £ Held for five years. Source: Phillips and Drew. Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

The going is heavy for Thorn

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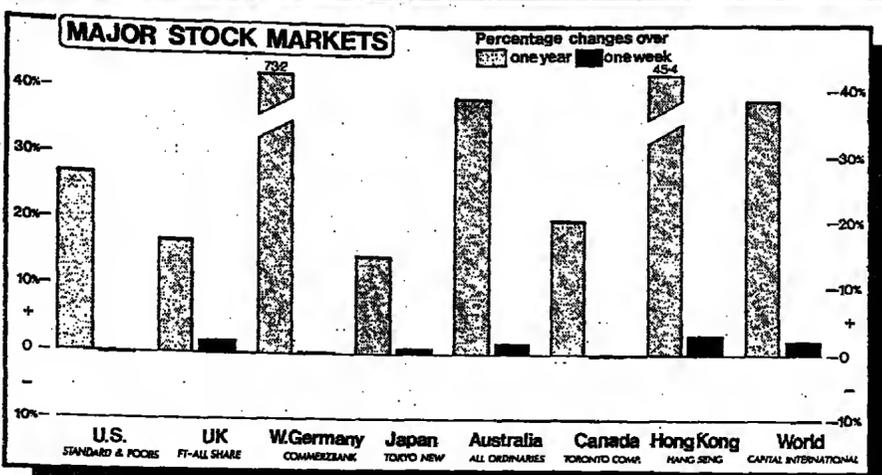
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مركز التمويل

Kenneth Marston



Unravelling the Nakasone Knot

THE END of the year on the Tokyo Stock Exchange was something of a dud.

For more than a decade year-end rallies have been as much a part of the landscape as cherry blossoms in the spring. Initially, the signs were good. The second week of December saw the Nikkei Stock Average up 320 points, with December 16 providing a time high of 13,183. But the rally then went dull, with the Nikkei slipping off for its week-end. The New Year holiday in a subdued mood and the index closing at an uninspiring 13,063.

It has been something of a dull year for the Tokyo exchange. In local currency terms, the exchange has advanced by about 13 per cent in 1985, while New York has surged by 28 per cent, West Germany by more than 60 per cent, and even London by 15 per cent. The lack of a sustained New Year rally, then, is at least consistent.

As usual, there are as many explanations for Tokyo's lacklustre performance as there are experts on Japan. Some, of course, insist that any market on a rating of 32 times historic earnings and a yield of 6.9 per

cent is too high, anyway. But those people miss an awful lot of excitement when they sell a share at 50 times earnings and it goes up to 250 times earnings—a common event in the land of capital gains. (Dividend income is taxed heavily in Japan.)

Others describe the problem as the Nakasone Knot. Japan's Prime Minister is under heavy pressure from outside the country to keep the yen strong and increase domestic spending, while, domestically, he is under pressure to reduce Japan's huge budget deficit.

It would take someone who is more than merely mortal to do all that. One broker commented dryly last week. So far, the 1986 budget gives little away and most Japan-watchers are still waiting to learn how Nakasone will untangle himself from these problems.

Meanwhile, a number of stocks do continue to outperform the rest, willy-nilly. Blue chips have bounced back from their summer slumps, with improvements of some 40 per cent in share prices. Most, though, believe the improvements have run their course with Hitachi, for example, not likely to sustain its Christmas high of ¥793. The stock closed ¥10

lower at ¥780 as the New Year holiday began.

Tokyo Electric Power seems to know no ceiling, hitting another all-time high last week of ¥2,890 before settling back at ¥2,890. Most of the electric power companies have announced large capital investment programmes, thanks mainly to new government incentives. Tokyo Electric's rise has brought along Kaneko, an electrical engineering company which depends on Tokyo Electric for half of its sales. It hit an all-time high last week of ¥3,120.

The hope of increased domestic spending is still filling a variety of real estate, warehouse and railway stocks. Korakuen, a major operator of amusement parks believed to be rich in hidden real estate assets, hit a peak of ¥819 last week. In March, the stock was trading at around ¥400. Now on a historic pe of 71, however, Korakuen would probably have to discover a cure for AIDS to go much higher.

Technology, of course, con-

tinues to be another area of activity. The new generation of "smart" credit cards is putting life into stocks like Dai Nippon Printing and Toppan Printing. The latter, at around ¥1040 and a pe of 27, is considered to be among the leaders in this growing area of consumer electronics.

With the market closed until January 6, then, so much for the Year of the Ox. The New Year of the Tiger does not look like opening with great promise. Economic growth in Japan is sloping down to under 3 per cent; the strong yen will hurt many exporters; corporate profits are not expected to do much better than inflation; and the political scene is murky, with Nakasone's continued leadership of his party in doubt depending on whether he runs for another term of office.

"I would be worried if the market doesn't pick up substantially by March," said one foreign broker in Tokyo. "If it doesn't pick up by then, it won't."

Emphatic words considering that the Tokyo market continues to confound even its most ardent admirers. But, then, that's half the fun.

Tokyo

Carla Rapoport

IF WALL STREET investors made a New Year resolution, it appears to be to stay with a stock market which has served them so well over the past six months.

Despite the traditional year-end portfolio dressing, which made for some erratic movements in the Dow Jones Industrial Average, the market's underlying mood remained confident—spurred by undimmed hopes of an early Federal Reserve Board discount rate cut.

The tenor of analysts' predictions for the early part of 1986 has been generally bullish, and the next few weeks will see the start of the flood of final-quarter results. These are expected to reflect the underlying positive factors, including the lower interest rate environment and the decline in the dollar.

While the results' season will kick-off with hoped-for gains by most of the major US banking groups, Wall Street will be watching for International Business Machines' (IBM) results as a key indicator of the fortunes of industrial America.

In a curtain-raiser to the US high-tech sector's earnings results, National Semiconductor reported a \$34.6m loss in its

second quarter, a slight improvement over its fiscal first quarter deficit but still indicative of the severe price competition and weak demand for chips. National Semi said it had detected signs of some market improvement but warned that this was "just the beginning."

CSX, the US railroad and natural resources group, reported a \$118m fourth quarter and \$460m full year net loss, mainly reflecting a \$954m pre-tax restructuring charge; but said that excluding this charge, fourth-quarter earnings increased a sparkling 88 per cent despite slightly lower revenues.

The merger boom which dominated the US equities market last year got off to an early start in 1986 with Occidental Petroleum arriving as a "white knight" to the rescue of

MidCon, the US energy pipeline group, on New Year's Day with a two-step \$3bn cash and paper agreed bid.

While Wall Street expressed mixed views about the proposed merger—with some analysts suggesting it will increase Occidental's debt burden while leaving the Los Angeles oil group vulnerable prices—the bid appeared to deliver a knock-out blow to WB Partners' hostile takeover attempt for MidCon. Early yesterday WB Partners terminated its tender offer for MidCon shares.

In the meantime, the bid battle for beleaguered Union Carbide heated up with GAF

Rate cut hopes spur optimism

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Wall Street

Paul Taylor

IT WAS a fairly sombre New Year gathering of the Chester family at Woking. Christmas seemed to have cost a lot more than last year in spite of low inflation.

So it was no surprise when the conversation round the dinner table turned towards money rather than the lack of it.

David Chester set the ball rolling. "I don't know about the rest of you," he said to his fellow guests. "But 1985 looks like starting on a difficult note. Elaine went a bit mad on presents this Christmas and now I'm faced with paying extra school fees for Stephen. Not much hope of a decent rise for the moment, at least with the stronger pound making it tough work selling engineering equipment abroad. I suppose I'll have to borrow some money to tide us over."

He turned to his brother-in-law. "You're in the City, Bernard. Interest rates seem to have come down a bit, despite all the moaning by the CBI. Where is the cheapest place to borrow these days?"

Bernard was cautious. He didn't like to admit that he dealt solely with corporate business lending, but he was a busy man, and he was a bit of a snob about personal finance. "Well, I suppose the cheapest way to borrow is still by an overdraft. But it depends on how much you want, over how long a period, and for what purpose you want to borrow the money. Also, on how well you get on with your bank manager, and your general financial standing."

"I'm not so sure," intervened Robert, who, as an investment adviser, was nettled by Bernard's attitude. "I have an opinion about that. The problem these days is that the banks, for all their so-called 'free' service, are charging the earth if you have an overdraft."

It depends on how much you use the bank for cheques and something like 25p a time that can add a tidy sum to the interest you're paying on an overdraft. Say you average 10 transactions a month, which is quite small; you will be paying an extra £2.50 monthly or £30 a year even if you have an overdraft of only £100. That's in addition to the interest which can vary between 2 per cent above base rate—11.5 per cent annually at the moment—for favoured customers, to 7 per cent over base if your bank manager doesn't like or trust you."

Robert then moved into his professional spiel. "It really depends on what you want to borrow the money for. It might even be worth looking at a personal loan. At least you don't pay overdraft charges, although the banks do charge a commitment fee for setting up the loan. The size of that fee depends largely on the manager."

"Personal loans are expensive — a Barclaycard, for example, costs you 20.625 per cent interest a year."

If you're looking for an unsecured loan—for buying a car, or paying for a holiday—the bank manager will certainly try to push you into a personal loan or one of those cheque accounts with automatic borrowing limits where the interest rate is higher still—22 per cent. It's well worth shopping around these days, both between banks themselves and with alternative money lenders like finance companies, although you have got to watch carefully for hidden charges.

"What you should really find out is the APR — that is the annual percentage rate — which all money lenders now have to state, because it is supposed to provide a true comparison of the real cost of borrowing, including different ways of calculating the interest, and any extra charges."

"The trouble with bank

John Edwards introduces the Chester family and reports on their search for cheap loans

1985 excess—and New Year resolve

DAVID CHESTER...42 years old; marketing director of engineering equipment company earning some £30,000 a year plus perks.

ELAINE CHESTER...David's wife, 36 years old, works part-time for local solicitor.

STEPHEN...their 13-year old attending minor public school.

HELEN...their 8-year old daughter at local preparatory school.

GERALD...David's older brother, who has taken over running the family estate agency business.

ROBERT...David's younger brother who has set himself up as an insurance/investment advisor.

BERNARD...aged 50, merchant banker who is married to Penelope, one of Elaine's three younger sisters.

BRIDGET...another of Elaine's sisters. Aged 29, she is an unmarried civil servant and career woman.

HUGH...David's father, retired estate agent, married to Kathleen.

ALICE...Elaine's widowed mother, living in Hampshire by herself.

managers," interposed Gerald, David's older brother, who now runs his father's estate agency. "Is that most of them forget they are in business to lend money. They're so scared of incurring a bad debt and being kicked by their head office. Their head office should be kicking them for turning perfectly trustworthy people down half the time simply because they can't provide the right collateral. It's a question of size. We all know that the banks are the biggest mugs of all—look at the billions they have lent to third world countries which have absolutely no chance of paying back."

"That's a bit different," commented Bridget, one of Elaine's sisters—unmarried, a professional civil servant. "We've got to lend money to developing countries or the people there would starve and not be able to buy David's engineering machinery."

"I don't see the difference," said Helen. "They're all borrowing money."

"Yes," said Bridget. "But it all depends, as Bernard said earlier on, why you want to borrow money and over how long a period." "You're quite right, dear," said Elaine's widowed mother, Alice. "You just try, at my age asking the bank for the smallest possible loan, and see what kind of reception you get."

"You could always raise money on your house," Bernard pointed out. "There are all kinds of home income plans for older people like yourself."

"Oh, I wouldn't do that mother," Elaine hastily intervened. "It all sounds a lot too risky."

"Of course the cheapest way to borrow money these days," said Robert, anxious to establish his investment advisory role, "is for a mortgage or home improvements. According to a publication we get in the office, called Blay's Mortgage Tables, some foreign banks and smaller building societies are only charging 12.5 per cent on straight repayment loans. One of the bigger societies too, Cluteham and Gloucester, charges not much more at 12.625, while most societies are at 12.75 per cent. Bank mort-

But generally the checking up is pretty slack.

"In any event, there's nothing to stop someone obtaining a loan for genuine home improvements, while using money accumulated for that purpose to buy a car or take a holiday instead. There's nothing wrong when buying a house in taking a mortgage big enough to leave you some 'spare' cash you can spend any way you like."

Robert came back in: "The building societies are a bit more cautious too these days. Leeds Permanent, for example, is temporarily at least—shelved plans to push consumer loan business but some of the smaller societies are more aggressive. Bristol & West last year launched a special scheme under which they offer non-property based loans but charge a 3 per cent differential over their base rate of 12.75 per cent. This makes a nominal rate of 15.75 per cent but with various charges taken into account the APR works out at over 19 per cent for a short period loan and 18 per cent for repayment over 10 years."

"The Skipton Building Society has gone even further. It only charges 1 per cent above its base rate, also 12.75 per cent, for remortgage loans that the Society says can be used for anything from buying a Lamborghini to a dream holiday, or setting up a business venture. The Society claims that borrowers can spread repayments over a much longer term at low interest rates. In fact, after including fees, the APR works out at 16.9 per cent over 25 years, but rises to 21 per cent for a 10-year repayment."

"Apart from the question of honesty, the problem is that mortgage loans are really designed for long-term, not short-term, borrowing," Bernard commented.

"The cheapest way I know to move money through a 'gold' card. With my American Express gold card I can borrow from Lloyds Bank up to £5,000 with no questions asked, at a fixed rate of 2.5 per cent above base rate. That means a total interest of only 14 per cent at present. Try and beat that."

"That's all very well for you," said Bridget. "But you have to borrow £25,000 a year to qualify, and even then many of my friends have been turned down even after being asked to apply. What's more, there's an annual subscription fee of £20, so it's really quite expensive."

"Well, it still does me nicely, thank you," Bernard commented. "I can save the £20 by using my Gold card account to pay off amounts outstanding on my other cards, which charge ruinous interest rates. Access or Barclaycard are a very expensive way of borrowing. They charge 2 per cent a month, which works out at an APR of 26.80 per cent. I suggest you all pay off any credit cards debts you clocked up over Christmas. Otherwise, they'll cost you a fortune."

David Chester ended the New Year party in a thoughtful mood. Should he apply for a Gold card, which would be useful when travelling abroad, too, but would almost certainly encourage extra spending?

Or should he remember some vital home improvements that needed to be done? He'd used up his £20,000 tax relief allowance already, but it might still be worth it, although there was a lot of paperwork involved which could take time.

Perhaps, after all, it might be best to grovel to his bank manager to get the lowest overdraft rate, and make sure that Elaine and the rest of the family cut down on the spending.

The Chester family will return.

page rates are generally a bit more expensive, around 13 per cent, but that is still a lot cheaper than an overdraft or personal loan, and of course you have a lot longer time to pay back.

"It's obviously no good for a small loan that you are planning to pay back soon. But for a bigger loan you can gain a lot from going for the mortgage rate, especially if the total amount you have borrowed is less than £30,000 and you are getting tax relief on the interest repayments."

"But aren't mortgage loans restricted to either buying or improving a property?" asked David, innocently.

Bernard felt on safer ground. "That's true in theory. The basis of giving tax relief on mortgage interest payments is to encourage home ownership and property improvement, not to subsidise someone taking a luxury holiday or buying a yacht. In addition, the Bank of England is worried that the use of mortgage loans to provide credit for other purposes could undermine monetary control and weaken the fight against inflation."

"That's why, a few months ago, the Bank clamped down on a scheme proposed by poor old Kleinwort's. Last year, which openly offered mortgage finance for consumer loans to buy boats or school fees."

"Poor old Kleinwort's Benson; that's a strange way to describe one of your London merchant-bankers—you all get paid a fortune these days," exclaimed David's father, Hugh. I wish I was still working."

"Well, it was jolly unfair on Kleinwort's; they're only planning to do openly what the banks and building societies are doing secretly," replied Bernard. "Even the Bank of England admitted in a 1984 study that some 40 per cent of mortgage loans were used for non-property purposes. Things have tightened up a bit since the Kleinwort's business, but most banks and building societies still turn a blind eye. They usually ask you formally to state what the mortgage loan is to be used for and some even ask for receipts on the home improvement work undertaken."

the ombudsman's decision they retain the full right to take legal action.

Although the ombudsman's office is being set up by 19 the bank for the smallest possible loan, and see what kind of reception you get."

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Cannon comes to the market

THE New Year has got off to a good start for home buyers with news of a new and cheaper source of mortgage funds. Cannon Assurance, one of the smaller unit-linked life companies, has entered the home loans market offering mortgages of anything between £15,000 and £150,000 at a flat rate of 12.75 per cent (13.6 per cent APR) including life cover for what is effectively either an endowment or pension mortgage. The rate of interest is the same as the major building societies are currently charging on repayment mortgages but is half a percentage point less than they charge for endowment mortgages with life assurance.

Cannon home loans are "interest only" mortgages, the capital being repaid at the end of the term from the proceeds of either a unit or pension linked plan. Both include life insurance to cover the loan. With the unit-linked option there is a choice between a low start policy, on which premiums are lower in the early years, or a policy on which the same premiums are paid throughout the term of the loan.

Cannon mortgages can be taken out over periods from 10 to 35 years. The company will advance up to 95 per cent

Pru moves into property

THE PRUDENTIAL is moving into the estate agency business. It is relaunching as Prudential Property Services (PPS), the East Anglian estate agents, Ekins, Dilley and Handley, which it bought last June.

However, the relaunched company will offer a variety of new services, including a "chainbreaking" scheme. For homebuyers whose purchase awaits the sale of their own house, PPS will guarantee the sale so long as certain conditions are met. PPS will also have a specialist mortgage advice centre at all its major offices, and through a link with Abels, a removal company, will also help its customers move home if requested.

Loyal to the white rose

IF YORKSHIREMEN can stay loyal to their cricket team in spite of everything, they may keep their money happily in a Yorkshire unit trust even if it does not perform. But Yorkshire General Trust claims that the regional companies it will invest in have in fact performed better than the rest of the stock market.

Charity begins with sifting out

SIFTING through the mass of financial literature to pick out the best and most impartial can be a daunting task. A new charitable organisation has been set up to do this, and to act as an information resource centre in the field of financial management.

The Money Management Council has as its formal aim "to advance the education of the public in the efficient management of their own personal financial affairs." It

First in the world—and free

BRITISH BANK customers now have a banking ombudsman to whom they can refer unresolved disputes with their bank. On Thursday Mr Ian Edwards-Jones QC took up the role. He was formerly a Social Security Commissioner, dealing with appeals from the public over social security benefits.

The services of the world's first banking ombudsman, entirely free, will cover all personal banking services apart from those provided by travel agents, estate agents and finance houses. Commercial decisions relating to lending will also be excluded so there is no point complaining to the ombudsman if you have had your request for an overdraft or personal loan turned down. In addition cases should not be referred to him until existing procedures for dealing with complaints have been exhausted.

The ombudsman then has the power to make an award of up to £50,000 against a bank. This is binding on a bank but if customers reject

New Year effort to combat fraud

LOOK CLOSELY at your cheque guarantee card because as you were ringing in the New Year the old style cards became invalid.

In an effort to combat fraud the high street banks have over the past 15 months been gradually replacing their old cheque guarantee cards with new high security cards.

The new cards—20m have been issued—incorporate new security features such as a three dimensional hologram, a complex intaglio printed motif and fraud-proof colour printing. Barclaycard and TSB Trustcard are not included.

The loss to banks last year through cheque card frauds is estimated at £26m. Although no improvement on the previous year it is the first year for several years when there has been no significant increase in fraud loss.

The banks have spent £1m on a publicity and staff training aimed at the retail trade where most card frauds are committed. But in spite of this campaign and the security features of the new card the onus remains on you to be as vigilant as ever.

Insurance

So they shall reap

THE EARLY days of each new year are, among other things, the time when traditional life companies assess their financial position and announce the bonus rates on their with-profit life and pension contracts.

So it is a time when those investors who took out conventional with-profit policies many years ago learn what they will reap from their savings contract or what lump sum has accumulated on their pension contract. With the benefit of hindsight, they will know whether they made the right choice of contractor and life company all those years ago.

Investment conditions in 1985 were good for UK equities, moderate for gilts and property, and moderate to good for overseas investment. So what can investors look forward to in the way of bonus declarations?

The actual bonus rates depend first on the investment performance of the funds and the ability of the life company to control costs; second, on the amount of profit earned that the company, acting on the advice of its appointed actuary, is prepared to transfer to

policyholders (and shareholders). Actuaries are being held back from giving a full distribution, thus paying higher bonus rates, because the returns on new money are barely supporting current bonus levels, and a fall in interest rates could bring about pressure for cuts in bonus rates.

No life company wants to be the first to announce a cut. So actuaries are likely to recommend unchanged bonus rates that can be maintained for several years rather than increased rates that could be cut back again in a year or two.

Bonus rates structures come in many forms, but there are two main elements: the reversionary bonus, added each year to the policy benefits, and the terminal bonus, this is added when a life policy matures or becomes a death claim or when a policy starts paying out and the pension is about to begin.

Investors can expect the basic reversionary bonus rates to remain unchanged this year and for any increase to be in the terminal bonus rate or in

Insurance

So they shall reap

the form of a special bonus payment.

Two major life companies and some medium ones have already made their declarations by the turn of the year—headed, for the second year running, by Norwich Union.

The pattern of unchanged reversionary bonuses is already emerging. Some companies, like Life Association of Scotland, Royal London Mutual and Gresham Assurance have increased all terminal bonus rates. On the other hand, Friends' Provident has only increased terminal bonuses on pension contracts and will review the position again in April.

Norwich Union has again set the pace in with-profit performance, as it did last year. In the final outcome only two or three other life companies paid out more. Progress on with-profit performance for both life and pension contracts will be given in later articles. Performance to date is shown in the table.

Effect of current bonus declarations by traditional life companies man aged 29 at the time of taking out a with-profits endowment, paying £30 a month. Comparison of payouts for maturity in January 1986 against maturity in December 1985.

Company	10 year Term		Increase %	25 year Term		Increase %
	Jan 1986	Dec 1985		Jan 1986	Dec 1985	
Norwich Union	7,806	7,795	0.2	43,594	41,329	5.3
Friends' Provident	7,667	7,626	0.5	41,692	40,693	2.4
Equity & Law	7,541	7,243	2.7	39,407	38,744.5	1.7
Life Association of Scotland	6,339	5,883	7.6	30,615	26,215	14.5
General Accident Life	6,482	6,398	1.3	34,320	31,939	7.8

Eric Short

FINANCE & THE FAMILY



John Hodson



Richard Bernays



Chris Tracey



Trevor Pullen



Harry Littlefair



Peter Scott



David Glasgow



Ian Sampson

Fund managers' forecasts for 1986

JOHN HODSON, investment director of Target, is cautious about the UK and nervous about the reliance on companies that depend on consumer demand. He is happier about America: "I don't know the duration of the run, but at the moment it has a good head of steam."

"We are still quite bullish of stock markets generally," says Richard Bernays, chairman of Mercury Fund Managers, "and our favourite is still Continental Europe." He believes there has been a fundamental change in European stock markets through the emergence of the domestic investor, which is backing up the cyclical return in their economies.

The US market has the best director at the Prudential, Chris Tracey, investment director of Save & Prosper, but he is slightly concerned that it has run up so fast in the short term. If the oil price falls, that will be good for inflation; but if the oil price really cracks there is a risk of a bank collapse, which might rock the market. He continues to like the UK, although less enthusiastically than last year, but thinks European markets are overextended.

Trevor Pullen, investments director at the Prudential, favours Germany, Holland and Switzerland. "We can see better intrinsic value in Europe than in other markets," he says. In the UK he expects more strength until the Budget, but political fears and cash needs for new share issues could weaken the stock market after that.

A mundane year is forecast by Harry Littlefair, investment director of Allied Dunbar, with the UK and US likely to be the best of the major world stock markets. He sees a modest potential for London, with profits likely to rise by around 10 per cent as inflation and interest rates continue to fall.

Peter Scott, investment strategist at Gartmore, thinks the market is still cheap, in spite of the recent upturn, and expects profits growth and a sharp recovery in some of the hunched out shares with attractive ratings that can be found in abundance. Scott is not bullish about the UK, but thinks it is unlikely to match the outstanding performance achieved in the year up to the end of November.

Price/earnings ratios in domestic currency terms are still very reasonable by comparison with Japan. Glasgow also sees a potential rise in the value of the Deutsche Mark as a plus factor. The outlook in the UK is reasonable, but with the risk of further decline in oil prices and of political uncertainty. Investment cash flow will favour a further rise, with new funds likely to exceed the supply of new equity.

European economies," says Ian Sampson, managing director of Schroder Unit Trust Managers. He also finds the American market attractive. Sampson believes that the US dollar is likely to strengthen against the pound, which is now overvalued, so the sterling-based investor stands to make good gains from investment in the US. If the Singapore market continues to fall much further after its catastrophic closure in December, it might be a good place to put some "fun money" that it wouldn't do investors too much harm to lose. Hong Kong might offer the same sort of opportunity—for punters only.

Pensions
Mobile confusion
THIS YEAR sees the start of a new pensions deal for employees who change jobs. For nearly five years, the Government discussed the problem with the pensions industry, before bringing in the 1985 Social Security Act. The provisions of this legislation came into force at the beginning of this year. Now employees changing jobs have a choice over how to maintain the pension rights accrued with their old employer. Individual employees' benefit rights are complicated, depending on a combination of the rules of the scheme they are in and pensions legislation. Employees with short service are usually entitled to a refund of their pension contribution.

This is the start of the complications. Under pensions legislation an employee with at least five years pensionable service cannot take a refund of contributions, except for those contributions made before April 1975, providing the scheme rules allow them to do this. Many schemes will not allow refunds for periods of service shorter than five years. The recently published White Paper proposed to reduce the legal period for refunds from five to two years. If refunds are not permitted, then the first option available to the job changer is a deferred pension. This is based on the length of service and salary at the time of leaving, and is paid when the ex-employee reaches the pension age under the scheme. So an employee earning £20,000 leaving an employer after 15 years in a scheme which pays pensions at 65 for men at the rate of 1/60th of final salary for each year of service would have a deferred pension of £3,000 (15/60 x £20,000) payable when he reaches age 65. But what about the effect of inflation on this pension? Public service employees have fully protected deferred pensions. But it was the lack of inflation-proofing of deferred pensions in the private sector that led to the problem of the past five years and resulted in pension schemes being accused of cheating ex-employees out of their pension rights. However, the solution to the problem as laid down in the 1985 Act will be virtually incomprehensible to the average employee. It has to be taken in stages. Part of this deferred pension represents the Guaranteed Minimum Pension (GMP) liability. This is the equivalent of the earnings-related pension that would have been provided by the State Earnings-Related Pension Scheme. The GMP is effectively revalued in April each year in line with national average earnings up to retirement, and by the Retail Price Index thereafter, and is thus fully inflation proofed. Now consider the remaining part of the deferred pension. This is split into two parts, pension rights accrued before January 1, 1985 and those accrued after that date. Pension rights accrued from 1985 — completed years only — will be revalued in line with the Retail Price Index up to a maximum of 5 per cent a year. However, the revaluation is made at the time of retirement and is based on the RPI or 5 per cent a year over the period from leaving the retirement.

Taxation
When 'tax-free' is trouble for those working abroad
"TAX-FREE" are the magic words which accompany many advertisements for jobs abroad. However, these words must always be treated with caution. The income may be tax free in a country abroad, but there are many unexpected happenings which may cause UK tax to be payable. Anyone taking a job abroad for more than 365 days would be prudent. During the first year, to put aside a portion of his income in case liability to UK tax arises. Unfortunately, it is not only taxation which requires careful thought. Some other matters can be even more disastrous. Here are two real-life examples. David was an engineer, unmarried. He decided to try a job overseas attracted by the high salary and the chance of something different. He took a year's contract to go to the Middle East: £12,000 tax free, with free accommodation and keep. His employers said that the "tax free" position occurred by no tax abroad on his salary and no tax in the UK because he would be out of the country for 365 days. Leave was given locally in the Middle East. David found it uninteresting, and was anxious to get back home as soon as his contract expired. David's employer offered him a flight home on day 365 of his contract. The flight was via Paris; a direct flight was not available until four days later. David, eager to get home, accepted the flight to Paris. He was aware that he should have used the Paris changeover for a day, as his contract had not expired. He thought it ridiculous to worry about one day, so when he arrived at Paris and was told that a connecting flight to Heathrow was available immediately he took the flight and landed in the UK just before midnight, not realising that for tax relief purposes a person is only considered absent from the UK if he is absent at the end of the day. A few weeks later David commenced employment again in the UK and the tax office gave him a form to fill in, concerning his previous overseas employment. David thought he would overcome any difficulty about not being abroad for 365 days by stating that he had left the country on June 4 three days earlier than the actual date. This was particularly unfortunate. The tax office wrote to say that this could not be so; David had called at the tax office on June 5 to see about the repayment of the PAYE paid in that tax year. David had forgotten. The Inspector of Taxes then asked for proof of departure and return to the UK. He also asked to see David's contract of foreign employment. The Inspector then determined that David had not been out of the country for 365 days, and therefore was not eligible for 100 per cent tax relief. Further: the Inspector found that the contract not only provided David with free living accommodation in addition to his salary, but also paid him a sum equal to £5 per day in local currency for food etc. This five pounds paid in cash per day, the Inspector stated, had to be added to David's salary for tax purposes, making his total taxable income £13,825. At that time David was entitled to a deduction of 25 per cent for working abroad, but the tax bill still exceeded £2,500—a high price to pay compared with the cost of spending one night in Paris. It is essential to be out of the UK at midnight on day 365. (Some visits between day one and day 365, are permitted). Joe was technical manager of a specialist department of a UK construction company which had never operated outside of Britain. But he had agreed to apply the specialist services of Joe's department to an established Middle East company. It was arranged that Joe would take charge of the Middle East operation, the initial phase was expected to last about five years. Joe and his wife were particularly keen to go to the Middle East, they had a number of friends who worked there, enjoying high tax free income, free living accommodation, and free children's education in a European community. Joe and his wife had one child. With the building society's permission, Joe arranged to let his house, carefully instructing a competent solicitor to draw up a tight letting agreement with an American-owned company who wanted accommodation for a visiting executive for two years. Neither Joe nor the director responsible for the proposed Middle East work had any experience of working abroad. Difficulties arose as soon as Joe and his family arrived. There was no accommodation immediately available for them, and they were forced to stay in a hotel. Further difficulties arose when Joe and his director met the representatives of the construction company; there were unforeseen problems of working arrangements which they were not able to resolve. After two difficult and frustrating months, Joe and his family returned to the UK quite defeated—and with problems yet to be faced. Joe's solicitor had drawn up a solid contract for the letting of his house. The tenants' position was clear: they were to be in Joe's house for two years. Joe and his family had to find other accommodation. In addition Joe had to pay tax on the income from the letting of his house and could get no relief for the expensive furnished property he had to rent for his family for the following 22 months.

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The four reserves in a business team
Understanding Reports and Accounts
A BUSINESS has three possible sources of funding: the owners or shareholders; moneylenders and financiers; or the business itself. The money put in when the shares are first issued is shown as the issued share capital. When one shareholder sells to another, it has no effect on the share capital figures. But if the company chooses to issue further shares, then the share capital figure will be increased by the nominal value of the shares issued. Moneylenders and financiers provide the borrowed capital of the company. Known commonly as loans and debentures, borrowed funds with more than 12 months remaining before repayment are shown together in this category. Then there is the business itself. In the eyes of the law, it exists totally separately from the people who own it and can by itself own assets or be responsible for funds. This third category of funding is called reserves. In accounting jargon, these have nothing to do with money tucked away for a rainy day or bank vaults full of gold bars; they represent the funds the company has made out of trading and ploughed back. Reserves fall into several categories and each denotes a reason why the reserve has built up. The profit and loss reserve is quite clear; it contains the surplus funds from trading that have not been retained in the company. The revaluation reserve, on the other hand, has nothing to do with money; it represents the amount by which a freehold building has been revalued to reflect market prices. Anyone who has bought or sold a house in the past 10 years knows how unreliable those market prices can be. The only way to turn this reserve into quantifiable cash, and thus prove its worth, is to sell the property. If the company holds the property as a fixed asset to earn profit, it will not wish to sell it. For this reason, accountants are cautious about the revaluation of fixed assets. The foreign currency reserves is similar. It represents the notional profit made by holding a foreign currency that can be converted to reach cash only by selling the currency. The fourth reserve is cash. When a company sells its own shares, it often disposes of them at a price greater than their nominal, or par, value. This is usually to reflect the trading price of the share. But rights issues, giving existing shareholders the right to subscribe to new shares at a favourable price, give a premium over the par value to the issuing company. That premium is taken to the share premium account and is one of the few reserves over which the law has some control. Under the 1985 Companies Act, the share premium reserve cannot be used to pay dividends, but it can be used to finance the issue of free shares (scrip issue) to existing shareholders. A highly geared company is one that has more borrowed than shareholders' funds; low gearing is where the shareholders are greater than the funds borrowed. Shareholders' funds are made up of the share capital issued by the company, plus the reserves. Borrowed funds are made up of all the long- and short-term borrowing, including any bank overdrafts. Having established the total of borrowed and shareholders' funds, all that remains is to work out the debt/equity ratio to find out if a company is geared highly or lowly. In going so, it is important to remember the financial climate in which the company is trading, and the gearing ratio of its competitors. Property companies, for example, will always be geared highly because they specialise in borrowing against revaluation to fund capital growth for the future. They are never a share for the investor who needs high dividends and looks for less capital growth. The total of borrowed and shareholders' funds will give a figure for the capital employed in the business. Is that capital getting a good enough return? Is it generating enough sales? To find out, you need to calculate the return on capital employed. Add together all the capital funding the business (taking care not to forget the overdrafts and any other short term funding) and divide the resulting capital employed into the profit (before tax), multiplying the product by 100 per cent. Then you can see whether the return is as good as that available in a building society or as good as similar businesses quoted on the stock exchange.

Eric Short

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A BUSINESS has three possible sources of funding: the owners or shareholders; moneylenders and financiers; or the business itself. The money put in when the shares are first issued is shown as the issued share capital. When one shareholder sells to another, it has no effect on the share capital figures. But if the company chooses to issue further shares, then the share capital figure will be increased by the nominal value of the shares issued. Moneylenders and financiers provide the borrowed capital of the company. Known commonly as loans and debentures, borrowed funds with more than 12 months remaining before repayment are shown together in this category. Then there is the business itself. In the eyes of the law, it exists totally separately from the people who own it and can by itself own assets or be responsible for funds. This third category of funding is called reserves. In accounting jargon, these have nothing to do with money tucked away for a rainy day or bank vaults full of gold bars; they represent the funds the company has made out of trading and ploughed back. Reserves fall into several categories and each denotes a reason why the reserve has built up. The profit and loss reserve is quite clear; it contains the surplus funds from trading that have not been retained in the company. The revaluation reserve, on the other hand, has nothing to do with money; it represents the amount by which a freehold building has been revalued to reflect market prices. Anyone who has bought or sold a house in the past 10 years knows how unreliable those market prices can be. The only way to turn this reserve into quantifiable cash, and thus prove its worth, is to sell the property. If the company holds the property as a fixed asset to earn profit, it will not wish to sell it. For this reason, accountants are cautious about the revaluation of fixed assets. The foreign currency reserves is similar. It represents the notional profit made by holding a foreign currency that can be converted to reach cash only by selling the currency. The fourth reserve is cash. When a company sells its own shares, it often disposes of them at a price greater than their nominal, or par, value. This is usually to reflect the trading price of the share. But rights issues, giving existing shareholders the right to subscribe to new shares at a favourable price, give a premium over the par value to the issuing company. That premium is taken to the share premium account and is one of the few reserves over which the law has some control. Under the 1985 Companies Act, the share premium reserve cannot be used to pay dividends, but it can be used to finance the issue of free shares (scrip issue) to existing shareholders. A highly geared company is one that has more borrowed than shareholders' funds; low gearing is where the shareholders are greater than the funds borrowed. Shareholders' funds are made up of the share capital issued by the company, plus the reserves. Borrowed funds are made up of all the long- and short-term borrowing, including any bank overdrafts. Having established the total of borrowed and shareholders' funds, all that remains is to work out the debt/equity ratio to find out if a company is geared highly or lowly. In going so, it is important to remember the financial climate in which the company is trading, and the gearing ratio of its competitors. Property companies, for example, will always be geared highly because they specialise in borrowing against revaluation to fund capital growth for the future. They are never a share for the investor who needs high dividends and looks for less capital growth. The total of borrowed and shareholders' funds will give a figure for the capital employed in the business. Is that capital getting a good enough return? Is it generating enough sales? To find out, you need to calculate the return on capital employed. Add together all the capital funding the business (taking care not to forget the overdrafts and any other short term funding) and divide the resulting capital employed into the profit (before tax), multiplying the product by 100 per cent. Then you can see whether the return is as good as that available in a building society or as good as similar businesses quoted on the stock exchange.

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Delay lawful if nobody objects

I was interested in the question of answer under the heading "Accounts are late" on November 30. I am the chairman of a limited company in the management of a block of flats on the same terms. Normally the accounts are sent out with the statutory notice of the annual meeting but this year they were delayed until two days before the meeting. At the meeting one shareholder argued that the late circulation of the accounts was contrary to the Companies Act, the provision contravened not being stated. I was advised by the then company secretary, a representative of managing agents who have since been replaced, that late circulation of the accounts was permissible provided that no shareholder objected. I was further advised that, as objection had been taken, I should proceed with the remainder of the agenda but adjourn discussion of the accounts to a later date. This I did. I now infer from your reply that both the individual shareholder and the company secretary were wrong in their respective statements. I should very much welcome your comments.

Can anything be done to save the loss of this £1,000? There is no redress open to you in law, since you contracted to leave the sum invested for five years or to accept the penalties if you withdrew the investment before the expiry of the five-year period. We suggest that you write to the board of the society and point out the unduly heavy penalty which will be imposed on you and invite the society to waive the interest penalty.

Possible breach of trust

If the managers of a unit trust ignore the provisions of the trust deed and grant partial rebates of the annual fee to certain holders of units, then classify these rebates as "administrative costs" and finally invoke the increase in these costs and consequent lack of profits to persuade unit-holders to vote for an increase in the annual charge, what legal steps can be taken to have the voting declared null and void? If the facts can be proved to be as you state the remedy of the unit-holder would be to commence proceedings in the Chancery Division of the High Court for a declaration that the matters complained of are in breach of trust and for directions that the trustees make good all losses to the trust fund out of their own pockets.

Brewery landlord need not sell

My parents have been tenants by way of, initially, employment and then retirement, of a house owned by a large brewing company, for more than 40 years. As the brewery decided to increase the rent after 22 years, I offered to purchase the property to ensure that my parents did not have any further shocks as they got even older. The company has in effect refused to sell. Is there any way that I can get it to change its mind? There is no way that you can require the landlords to sell the reversion to their tenants.

Penalties for late transfers

I was a member of my previous company's pension scheme which I am told by the broker concerned has amassed a sum of money of the region of £30,000. I left the construction company in December 1984 and the company went into receivership in February this year. I formed a limited company and contracted the broker dealing with the pension scheme to have the pension transferred to my new company along with the lump sum. I have since January this year been

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

attempting to get the new pension scheme running. I am able to obtain a loan-back from the scheme and without this my company's present cash flow is adversely affected and consequently not trading at the level anticipated. The broker is blaming the receiver for holding up the transfer, the insurance company and I am getting the run around from all concerned. Is there any professional body I can approach in an attempt to release the cash in the fund. Regulations have just been issued under the provisions of the 1985 Social Security Act providing for penalties for late payment of transfer values in respect of employees who leave service after January 1 1986. Unfortunately this legislation will be of no benefit to you. Your only remedy is against the trustees of the construction company pension scheme, of which you were a member, if you could prove that they were acting unreasonably or negligently.

A trust fund which constitutes the asset of a pension scheme exists independently of the company establishing the scheme and therefore the receiver for the construction company should not be involved unless the company owned money (possibly a combination of employee and employer contributions) to the scheme at the time the company went into receivership. From what you say it would appear that the trustees have re-insured all or part of their liability with an insurance company. The insurance company should pay the transfer value to your new scheme as agent for the trustees. It is possible that the insurance company has delayed payment in the hope of recovering arrears of premium from the receiver. The answer is to try to persuade the insurance company to pay a partial transfer with any balance later on otherwise you could wait for years for any payment at all. You should ask the broker for the name of the insurance company and write personally to the chief general manager. You should also point out the names and addresses of the trustees either from the broker or from the insurance company or from the receiver and write to each of them.

There could be a problem if the insurance company has made you your former employer the sole trustee of its pension scheme. Many insurance companies have done this in the hope of cutting their administrative costs, but it has obvious snags when a company goes into liquidation, as you can see. Even so the receiver, if he is now acting for the company, should treat trust money quite separately from ordinary money. This does not represent part of the assets of the company. Delay could occur where the receiver is so weighed down dealing with the rest of the paperwork of winding up the company that the pension scheme gets overlooked.

Misery money on a sliding scale

ANYONE setting off for the ski slopes this winter will undoubtedly have spent a good deal of time and money fixing themselves up with appropriate skiing gear. But how much thought will they have given to insuring themselves against all the hazards of the piste?

It is clearly foolhardy for anyone to venture on a skiing holiday without insurance cover. But factors peculiar to this type of holiday make it far more complicated. Given that 98 per cent of those booking a skiing holiday through tour operators will use schemes which the operator offers it is vital to establish just what the insurance covers and, if there are deficiencies, to look at an alternative policy.

Although it is popularly assumed that broken limbs are the most important item to insure against, in fact only three to four per cent of skiers hurt themselves sufficiently to warrant medical treatment. New design ski boots which are worn higher on the leg, have reduced accidents though when they do occur injuries tend to be more serious, involving both bones just below the knee rather than ankle injuries.

A much higher proportion of claims—as much as half of the total—result from cancellations. Baggage claims, because of the high cost of ski equipment, also tend to be higher than in other forms of travel. So what should you be looking for and where can you get the appropriate cover?

Several travel insurance companies offer ski insurance as an add-on to their normal policies usually doubling (or more) the premiums and sometimes limiting medical expenses cover. This includes the Supercare Plus insurance cover normally offered by travel agent members of the Association of British Travel Agents (ABTA) as an alternative to tour opera-

tors' own schemes. The same goes for the clearing banks—Barclays, Lloyds and Midland—although NatWest last month launched a separate winter sports scheme.

You can also buy cover from traditional insurance companies such as Cornhill, General Accident and Prudential. There are also ski insurance specialists. These include T. L. Ireland and Hogg Travel. But the best-known is Douglas Cox Tyrie, which the Ski Club of Great Britain recommends and is widely used by "serious" or racing skiers. It is by far the largest operator in the individual or "retail" market and is also used by 30 or more tour operators.

When seeking out ski insurance there are several aspects of cover to be evaluated: Medical expenses: Given that ski insurance policies do not include UK expenses the level of cover offered under many schemes is far in excess of what is actually needed for medical treatment in Europe. Experts in the field reckon that cover of up to £50,000 is more than enough. But ABTA's scheme, for instance, provides cover of up to £1m and Barclays up to £500,000.

You need only a minimum cover of £15,000 for skiing holidays in the European Community but you will need a much higher cover if you plan to go skiing outside the EEC, and that includes Switzerland.

The recommended minimum is £100,000, and more like £250,000 if you plan to go skiing in the Rockies or elsewhere in the US.

Most schemes will not cover you for any form of racing so beware of participating in what may seem a tame event on the nursery slopes if it could in any way be classified as a race.

Check that the insurance covers the expense of the various rescue services, including "bloodwagon" (rescue sledges), helicopter, air ambu-

Ski insurance

Cover provides	D. Cox Tyrie	Thos. Cook	Amex	Barclays
Medical	50,000 100,000	1m 10,000	1m 500,000	500 1,000
Cancellation	500 1,000	3,000 1,000	3,000 3,000	500 1,000
Third party	500,000 500,000	500,000 500,000	500,000 500,000	500,000
Personal accident	125 175	15,000	15,000	15,000
Baggage	5,000 30,000	15,000	15,000	15,000
SKIs	750 1,000	750 1,000	1,000 1,000	1,000
Money	200 300	250 200	200 200	200
Delayed departure	60 60	60 60	60 60	60
Premium Europe 8 days	21	24	22.87	26.25
				(10 days)

* Annual premium covering all travel. † As baggage, ‡ included as medical, § included as cancellation † 10 days.

lance, or whatever: and access to 24-hour medical emergency service. It is also advisable to use a scheme which has a link with one of the medical assistance companies such as Europe Assistance or Trans-care. Such an organisation will take responsibility for settling the medical bills and claiming back the expenses from the insurer. Otherwise you have to cough up the funds on the spot and then reclaim them later.

Do not be tempted to cut costs and opt for local insurance schemes such as the French Carte Neige. Such schemes are intended to supplement domestic medical facilities for local skiers and as such have limited medical care which can be as low as £600.

Personal accident: This provides benefit in the event of death or permanent injury, such as the loss of a limb or eye. The level of cover is usually very low, lower than for other travel policies. Generally it is around £5,000 but can be higher and is usually only paid out for specific injuries. They do not usually cover loss of earnings while out of work, except by specific policy which is usually expensive. Douglas Cox Tyrie in conjunction with the British Ski Federation have launched a

new separate personal accident scheme for this winter season. This includes loss of earnings insurance, with three scales of cover up to a maximum of £100,000. Cancellation: This insures you against having to cancel your holiday booking through your own illness or injury or that of a close relative. But beware, many schemes available for individuals, as opposed to tour groups, have upper age limits for this cover. In any event be covered for the full cost of the holiday. You are unlikely nowadays to find any scheme which cover "loss of enjoyment" if your skiing holiday is cut short due to injury and you are unable to use the facilities you have paid for. Douglas Cox Tyrie covers loss of use of a ski pass (which would normally cost around £100 for two weeks usage) for medical reasons where the local ski lift company does not itself reimburse you. Less or breakage of skis: This is an area where many schemes fall down. Some will only cover loss of skis as part of personal baggage insurance which usually has a limit of £200 for any single item. Some will not cover replacement of skis broken in use. Where they do they may only reimburse the cost of one

ski though you can only buy skis in pairs! Some schemes will not cover damage to hired skis though this may be covered through the hiring company. Personal liability: Covers you against legal liability to other people if you cause an accident; £500,000 is a fairly standard level of cover. Personal baggage: Cover varies from £750 to £1,500 but there are often ceilings of £200 for any single item and on personal cash.

Delayed departure: Most schemes will pay you "misery money" on a sliding scale if your return flight is delayed by more than 12 hours, usually up to a maximum of £80. Douglas Cox Tyrie also covers you for additional expenses from an "interruption" such as an avalanche, road blockage or other such hazard.

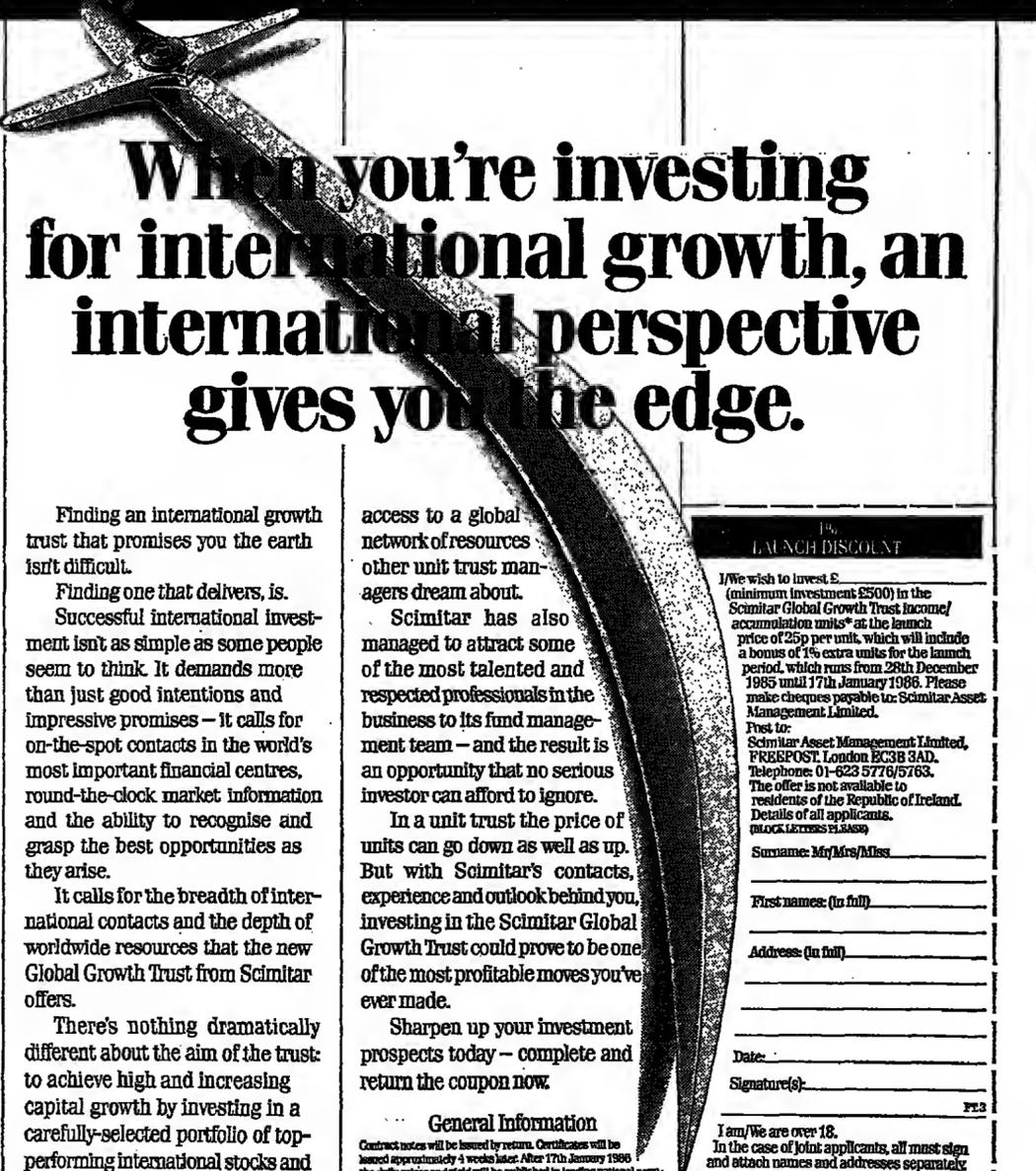
It is clearly important to take a close look at the ski insurance schemes on offer and worth shopping around on price as the accompanying table shows. Some schemes throw in extras and there are often cheap packages for families. American Express card-holders who take at least one other holiday a year will find the Centurion Assistance scheme is a good buy at an annual premium of £45 a year.

NatWest, making its debut in this specific market, is undercutting most other schemes, at least for this season. The premium for an adult is only £16.95 for up to ten days and £19.85 for up to 17 days. For this you get medical expenses cover of up to £250,000, personal accident up to £5,000, baggage cover up to £1,000, cover against ski loss or breakage (as well as the cost of hiring skis) up to £60, replacing lost or damaged skis, and up to £75 for the loss through injury or illness of pre-booked costs of ski packs.

Margaret Hughes

Two bites of the cherry

Back in June 1982, my wife and I entrusted a large sum of money to a building society. The investment (joint) was spread over five years, to expire in June 1987. The interest return on this investment has never been satisfactory! And, in this year in particular, it went from bad to worse! So much so, in fact, that we decided that enough was enough! And that we would withdraw the money! Now, however, we find that withdrawal is subject to two clauses: clause (a) 90 days notice (fair enough!) and clause (b) imposing a 90 day penalty, because of early withdrawal! These clauses, which are so heavily loaded in favour of the society, strike us as giving us two bites of the cherry. We are willing to abide by clause (a), but clause (b) is viciously greedy! As clause (b) is vague in cost as £1,000 (approximately), naturally we are very angry!



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WEEKEND FT REPORT

Boating Industry

THERE ARE many motivations for entering the boat industry, and making money rarely comes top of the list. Tradition, craftsmanship, enthusiasm for working with boats, love of the sea and a desire to do something different have all contributed to the shape and size of the UK industry.

Many proprietors of small marine companies in Britain are in the boat building business mainly because it is an absorbing and satisfying job. They are willing to put up with a small return for their investment and labour.

Of the 900 members of the Ship and Boat Builders National Federation, which represents the British leisure boating industry, only a handful turn over more than £10m a year. About 30 turn over more than £2m a year and of the rest, 440 have less than £100,000 of annual business—a level which is arguable whether they can claim to be properly in business.

But competition is encouraging change. Shortly before Christmas the federation decided to levy members according to turnover to fund a new marketing strategy for the industry.

Mr John Conk, chairman of the federation marketing services committee, says up to £400,000 will be available to spend during 1986. The industry will concentrate on the home market, where it has lost ground badly in recent years. Export markets, with their currency fluctuation problems will be left to boat-building and equipment companies strong enough, or brave enough, to take their chances.

For a heady period in the 1970s the boat industry enjoyed a 1 per cent share of

The Earls Court show heralds a change in direction for boat builders as they aim to recapture home markets through new owners rather than encouraging trading up

Selling takes a new tack

BY ROY HODSON

all British spending upon leisure activities. The industry's current turnover of £330m a year reflects a decline of 30 per cent in real terms from the 1975-78 period. The aim of the marketing drive will be to restore that loss, bringing the industry up to a turnover of more than £500m a year.

British volume boat-builders are facing fierce competition in their home market, particularly from the French who are marketing aggressively. Imports account for one-third of the British small boat market.

British exports, however, are doing well. The recent flood of French sailing yachts into the British market is matched by the brisk demand in Continental Europe for British power boats, for instance. Marine Projects, one of the biggest British builders, increased sales of its Princess range by 30 per cent in 1985 to a record £23m. The group had to take on 100 employees at its Plymouth factory.

To recapture the lost home market business the industry intends to concentrate upon a campaign to enlarge the number of users of leisure craft, whether simple sailboats or luxury cruising yachts.

Such a drive to get new people on to the water represents a sea change from the industry's previous technique,

exemplified at countless boat shows of persuading those already hooked on boating to "trade up".

The future emphasis upon new entrants aims to encourage manufacturers to be innovative with products and give more attention to sales promotions. This could include boats available for boat trips. More "off-the-shelf" selling will be encouraged within the limits of companies' abilities to finance stocks of unsold craft.

The days seem to be fast disappearing when a prospective owner of a family boat must pursue the long ritual of paying the builder one-third the price before work starts, with further payments during construction.

Buoyant exports and the new prospect of a better industry-wide performance in the home market are sending members of the British boating industry to the Earls Court Show this month in good heart. They have had a foretaste of things to come from the autumn Southampton boat show, where sales were a record of about £12m. Attendance was also up by nearly 20 per cent.

Among British companies Fairline Boats, builders of luxury cruising power craft, has increased sales in 1985 by 55 per cent to nearly £10m and doubled pre-tax profits. It has new models planned to keep up

the pace in 1986. Mr Anthony Taylor, managing director of Camper and Nicholson's (Yachts) has just secured the largest order for the Gosport yard, an 83 ft sailing yacht costing more than £1m. He is also developing a new line of motor yachts and the company has good order books.

Sadler Yachts, which is carving a name for itself for sound cruiser-racer designs, says 1985 got better and better as it advanced. The company has improved its order book by 50 per cent in a year, and expects a similar improvement in 1986. Sadler sells four-fifths of its boats on the home market where it is finding most growth.

Northshore Yacht Yards, of Titchener, has a specialist niche in the market, making touch cruising yachts with retractable keels for visiting drying ports and shallow estuaries. It has also gone into the motor-sailer market, taking over the Fisher range.

Mr Bryan Moffat, director, says that profits and markets have been markedly stronger in the past year. The company has sold more boats than in any year since 1980.

But he points out that making and selling new boats is hardly a licence to print money. Net profits are still a

poor 4 per cent on turnover. Turning to a small builder, Mr Hugh Rossiter of Rossiter Yachts, Christchurch, says his company is "doing better but not marvellously". His 32 ft cruising yacht called Curlew is attracting attention and he expects to take an order for the 10th of the production line at Earls Court.

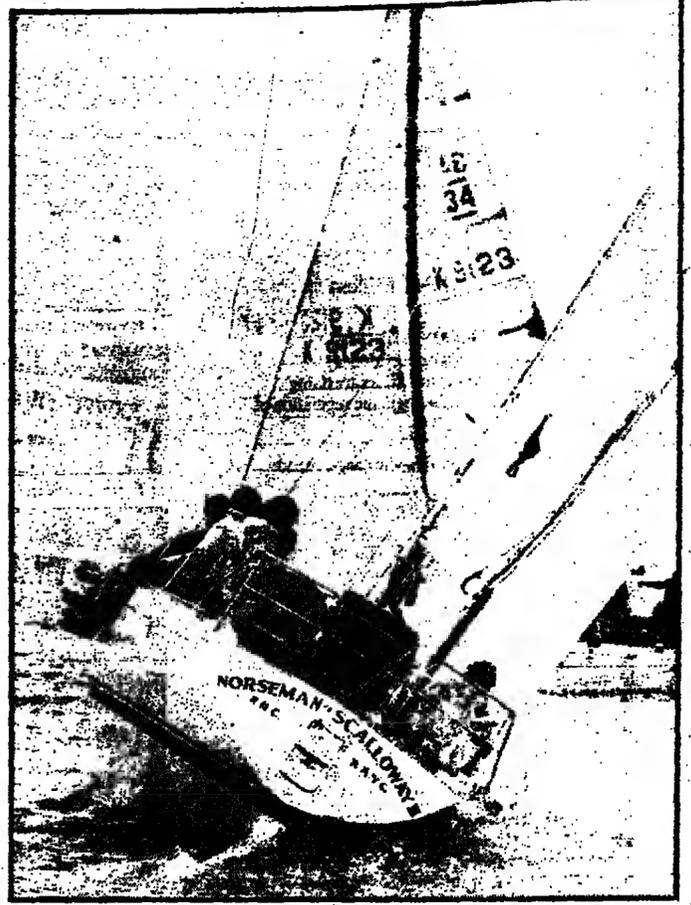
Mr Rossiter shows the inbred caution of the smaller company when he says: "We would like to do more for exports but, while the home market is not too bad, the extra expense and hassle of selling abroad is off-putting."

Lewmar, the Hampshire yacht equipment company which recently went public serves the world market with its gear, and is in a good position to see the whole game. Mr John Burton, the chairman, says that a decline in sales of small boats has been more than made up by stronger sales of larger yachts.

The company's equipment is on 11 of the 15 yachts in the Whitbread Round-the-World Race, and Lewmar will be more widely represented than any other equipment maker on the America's Cup challengers in Australia.

As British firms are preparing their exhibits for the Earls Court show they were showing an optimistic view that both home and export business is improving. More than a third of the companies surveyed report better order books than six months previously.

If their optimism is borne out, orders placed at Earls Court can be expected to better any year in the 1980s. The industry will then know it is sailing into smoother waters in 1986.



Close racing in the Solent last summer with one of the popular Sigma classes in action

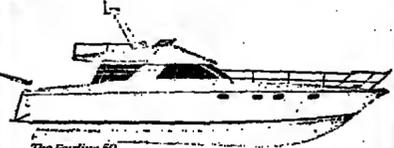
"A remarkable year by any standards"

Sam Newington
Chairman, Fairline Boats plc

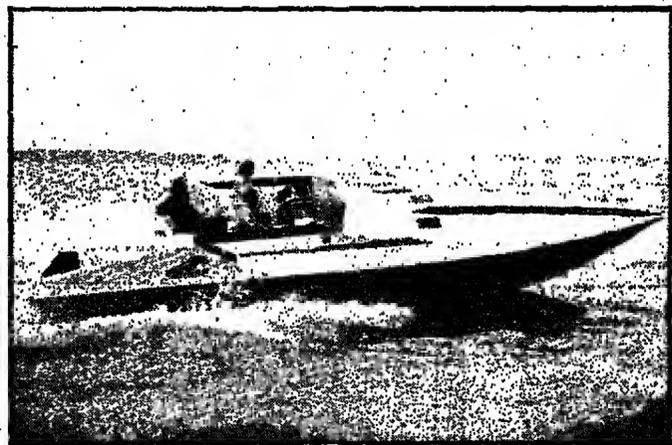
1985 was indeed a remarkable year, and 1986 looks like being an even more successful one for Fairline, the UK's only public listed boatbuilding company.

With sales increasing by 55% over 1984 to nearly £10 million and profits doubling to £806,000, the Company has certainly chosen the right time to launch its most ambitious and exciting product so far. The stylish, powerful and supremely luxurious Fairline 50 will take shape in the newly-dedicated purpose-built factory at Fairline's extensive facility in Oundle, Northamptonshire, and joins a range of nine powerboats varying in length from 21 foot to this latest 50-footer, the first of which is to be launched in June.

Chairman Sam Newington further comments "sales, profits and earnings per share are all up considerably and our cash position is very strong indeed. On top of that, we are scheduled to introduce four new models into our range by 1987's London Boat Show, so prospects for future growth are excellent".



FAIRLINE
Fairline Boats plc, Oundle, PE8 5PA, England.
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Cougar Marine's fast monohull, costing more than £74,000

Power

Giving berth to a dream

BRITISH BUILT power cruisers and large motor yachts are again experiencing that heady mixture of international demand and associated commercial success, the builders last knew in the early 1970s.

During the recent recession years the industry has become leaner and more professional. And for those who survived, it has gained credibility.

Mr Sam Newington, chairman and managing director of Fairline Boats, says those years produced for his company the right springboard for a full market listing in 1978. Fairline is now producing 400 boats in the 20 ft to 40 ft range with a 50 ft version poised for launch in mid-year.

Fairline's turnover has almost doubled since the flotation, reaching almost £10m last year. Sales rose by 50 per cent and British sales doubled in 1985, while 60 per cent of its production was exported, mostly into Europe.

Sunseeker International's recent market penetration with a range of sporting boats stems largely from its association with the British designer Don Sheard. Unmistakable lines and an off-

shore racing heritage have helped Sunseeker boats to a dominant position in the European fast dayboat and weekend market — with designs from 21 ft and a new 39 ft version revealed this week in full production trim.

Marine Projects is gradually taking owners up the buying scale, with larger power boats. Fast open-water outboard boats tend to run between 14 and 25 ft. One British builder who knows this market well is Norman Fletcher. A waterski supporter, Mr Fletcher has continued to extend his range of boats and uses international competition to prove many designs.

Another company using the same approach but at the opposite end of the size range is Ilamli-based Cougar Marine. Its stand at Earls Court will include glass fibre production versions of its world championship catamaran and monohull designs, capable of more than 90 mph.

Sharing the stand will be the recently named British America's Cup 12-metre yacht, Crusader, built in aluminium at the Cougar yard.

Since buying the Fairey shipyard, Cougar has capitalised upon its international sporting and commercial success and is predicting a 60 per cent increase in turnover to £10m in 1986.

W. A. Souter, of Cowes, has had four big motor yacht commissions of 85 ft or more under construction during 1985 in composites and aluminium, including the 120-ft Philante for Tommy Sopwith to a Shearwater design.

In the year ahead, Sheard's expertise will be used on at least four yachts of more than 100 ft in three countries. He has an international reputation for his fast yacht designs. Meanwhile, Mr Terry Didsdale is the hottest property in terms of yacht interiors. He is working on schemes for nine yachts of between 46 and 100 metres.

British powerboat designers and builders are in a strong position in the international market—both for style of designs and quality of products. It remains to be seen whether sufficient British builders will follow the leaders to consolidate that market dominance.

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WEEKEND FT REPORT

Flotilla Cruising

Exploration for the inexperienced

A SMALL fleet of Princess power boats carves a furrow through the dark blue Mediterranean waters as it cruises along Turkey's south coast.

At 16 knots in a sparkling autumn day this is an elegant form of follow-my-leader. Off the bay of Marmaris the flotilla thrills back to watch a school of dolphins playing.

Then away again at full power with flying fish keeping up with the fleet on either side. There is an important appointment ahead with a beach taverna and an open-air lunch of fresh local produce fit for the gods of old Lycia.

That is the Peter Stuyvesant Travel way to enjoy power boating in the Med. A direct flight from Gatwick to the south Turkey airport at Dalaman puts you on your boat in less than half a day.

The twin diesel-engined British-built power boats handle like well-mannered limousines. When the company says that no previous boating experience is necessary it means it.

The fleet is led by a professional skipper, engineer, and boats in the lead craft. Their job is to remove from the paying customers any fears of nautical inaptitude. They do that expertly.

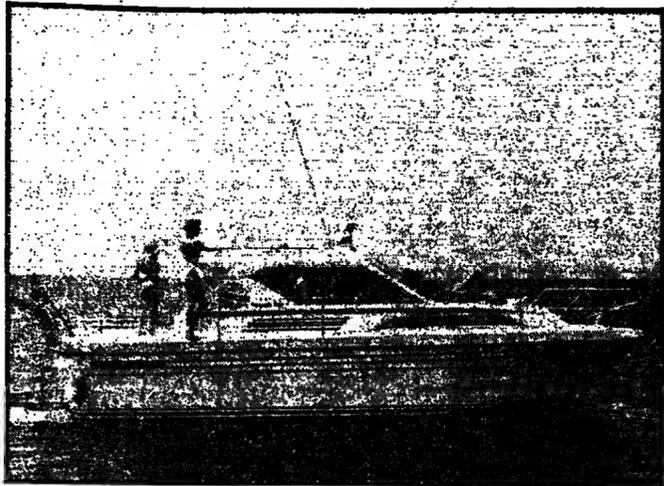
Peter Stuyvesant Travel is, in effect, pursuing a clever marketing ploy. It is diversifying from cigarettes—while keeping the name before the public as valuable publicity. And it is developing a valuable new business at the top of the leisure market by selling "life around the water."

The Turkey flotilla is just one of the company's water activities based in Spain, Italy, Greece, and Turkey, offering a range from power-boating to board-sailing. Two weeks power-boating in Turkey in a six-berth vessel costs each person about £500, including flights.

Flotilla sailing seems to have two important attractions: the beer and wine are excellent, and there is always a flying boat within about 15 minutes' flying time to help.

The magazine Yachting World is listing a world of chartering in sailing waters as far apart as Finland and Tahiti. Both charter and flotilla sailing are being put on a highly professional basis as the business moves from the hands of local yachtmen to international companies capable of offering keenly-priced fly-and-boat package deals.

At the luxury end of the market it is only necessary to pick up the telephone to charter a 100 foot motor yacht and crew practically wherever you want it. Camper and Nicholson (Yacht Agency) of Regency St, London, is expert practitioners. So is Crestar Yacht Charters, of 125 Sloane St, London, which represents some 500 charter yachts around the world.



Power cruising on the Mediterranean in a Princess 33

Equipment

Radar strides ahead

SALES of equipment, candelary and marine engines reached £180m in 1984, up 20m since 1981 and still even higher in 1985-86. Competition is intense, not only between British and foreign manufacturers but also among agents who control the market.

The original equipment market for engines and electronics is carried enough but the replacement business stimulates the marine trade most extending across power and sail and all sizes of yacht.

The benefits of micro-electronics have come into the lives of boat owners and it is no longer surprising to see fully integrated, computer-controlled instruments. But of all the recent advances, it is in the radar market that the greatest strides have been made. Daylight viewing has improved while attention to size of scanner, display and overall weight has opened up the market for smaller sailing boats.

Mars Marine, with their Vigil system, were front-runners, and with the addition of guard rings and a tracking facility, continue to set the pace with more than 40,000 installations. Although the modular design was intended to enable yacht owners to install their own equipment, most Vigil sets appear to be handled by agents.

Vigils include single-colour display, power consumption of less than 3 amps, 4 to 16 mile range and a price of about £1,500. Also in the market are Decca, Kodan / Sitex and Raytheon.

Decca figures strongly in the market for position fixing devices but this segment is changing. Decca reduced prices during 1985 because its beacon maintenance charge is no longer being levied—but also because there is a growing personal import market under the badge of Philips AP.

Within a few years with the advent of satellite navigation systems that "fix" every second to better than 10 metres anywhere in the world the present system could be obsolete anyway.

own. Warm trade winds blow, the natives speak English, the beer and wine are excellent, and there is always a flying boat within about 15 minutes' flying time to help.

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It is worth reminding would-be charterers, however, that some of the most delightful and varied cruising is in British waters.

The Yacht Charter Association, working with the British Tourist Association, is trying to encourage the charter of British boats. The association has gone to great trouble to draw up a code of minimum standards for the management and equipping of sailing and motor yachts chartered by its members. It has been a cause for concern that yachts chartered from owners outside the association may not always meet the same safety standards.

However, some yachts chartered by private owners are lavishly equipped and far above the minimum levels set by the association.

A comprehensive guide to companies offering charter and holiday holidays worldwide is in the December issue of Yachting World.

ROY HODSON

Advertisement for the 32nd London International Boat Show, featuring a boat illustration and the text 'OPEN ALL WEEKEND! BOAT SHOW'.

Advertisement for the British Sailboard Display and Dinghy World, listing various sailing equipment and events.

Advertisement for Earls Court, featuring a boat illustration and the text 'EARLS COURT Until January 12th'.

Advertisement for Answercall, a cellular telephone service, with the text 'Confused about cellular phones?'.

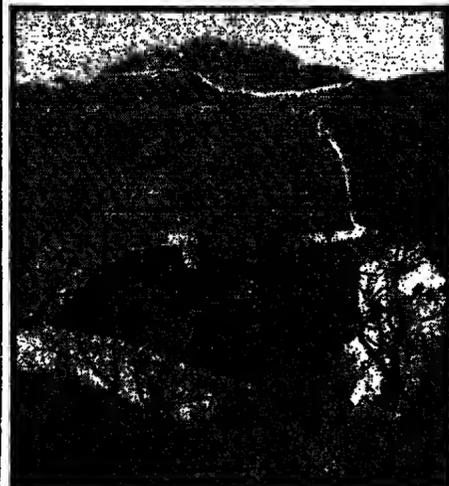
Advertisement for Jubilee Sailing Trust, listing boat specifications and contact information.

Advertisement for SHIPMATE, featuring a radio navigator and other marine electronics, with the text 'Leading the way in marine electronics...'.

TRAVEL · MOTORING

Nicholas Colchester visits an old capital in a new China

Doors open on wider choices



China's Great Wall



Terracotta warrior in Xi'an

AS WE entered Xi'an, in the dusk, I tried to imagine that the airport bus was an exhausted dromedary limping down the final furling of the Silk Road. There, ahead, was the astonishing Ming wall of the city, built in the 14th century, 50 ft high and 50 ft thick. There was the imposing, pagoda-roofed archers' tower guarding the west gate. I had never before seen such a grand example of a walled heaven to shelter the traveller after a journey through the waste.

The illusion could not hold, though. The bus was Japanese and did not know what limping was. The traffic lights at the end of the Silk Road gave the driver a digital count-down to help him shoot them. And where only a few years ago tourism was an adventure, we rolled up to the mirror-walled Golden Flower Hotel, as modern and smart as the best in any Asian NIC. This was the old capital but the new China—the China of Deng Xiaoping's "open door."

The object of our trip was not, in any case, romance. It was to see how the travelling businessman can now move around China in a manner that provides some of the choices and certainties that he takes for granted in the capitalist world. It is only in the past three years that it has become possible for a business visitor to know where he will be staying in China before he gets there, and for his secretary at home to have reliable idea of where he can be reached at any moment.

The chief problem today lies in the shortage of seats on the internal airlines and of beds in the modern hotels. In Peking, in particular, the shortage of

hotel space remains acute. Seventy per cent of the Hotel Beijing's rooms are booked permanently as business offices. In the impressive Great Wall Sheraton, no fewer than 200 rooms out of 1,000 are booked permanently by one customer, IBM, which pays \$2.5m for them up front at the start of the year.

We were the guests of an initiative called "Bridge to China" set up to shepherd the businessman through these shambles, through the remaining red tape, and through the other peculiarities of travel in China. The bridge has been assembled by British Airways and Alport Travel, a specialist travel agency. They have between them wrung assurances out of a list of good hotels and China's national airline, and they have the efficient co-operation of the China International Travel Service.

Our particular passage across this bridge could not be faulted — three cities, three hotels and two internal flights within a week without a hitch or a missed appointment. In China, that is a highly geared itinerary.

On brief acquaintance, Peking seemed a city to get out of. It is a flat gridiron of soulless avenues and there is unease and discipline in the air, despite the clear move towards a more liberal order. The atmosphere and charm have been restored and redecorated out of its principal attractions.

The Ming tombs and the Great Wall, each a one-hour drive from Peking, are memorable but, here again, the amusement park effect threatens. Insist on seeing the unrestored Ming tombs. They

are magic compounds of overgrown ruins, strewn with carved stone and with trees sprouting from their noble masonry. Insist, too, on going to the newly opened section of the Great Wall. With any luck, you will get there before the cable car is built.

When you have climbed up on to the razor ridges to which this astounding barrier clings, march briskly to the end of the restored action and see the splendid ruin coiling like a streamer into the far distance.

Xi'an lingered in my mind for longest afterwards. The image is not of gaudy chinoiserie but of central Asia; of subdued, strong and perfectly proportioned things; and of ochre dust that would turn any modern crowd into a terracotta army if they stood still for long enough.

The historic sites of Xi'an are of a scale that speaks of astonishing subjugation. There is the monstrous mausoleum of the First Emperor of Qin with its famous underground army of 8,000 life-sized warriors, all different. There is the range of hills that Emperor Tang and his empress, Wu, transformed into their joint mausoleum, Qian Ling.

Yet, the most powerful memories are of smaller things: the 14th century Chinese interpretation of a mosque in the middle of Xi'an; the face of one particular terracotta warrior, rather than the whole army; a tang bowl, and the bust of a Buddha that might have come straight out of an Albanian atelier.

Canton, our last port of call, had the feel of a Hong Kong in waiting. The free markets were thriving and the stalls blowing Western pop, while the official department stores had a dusty air as though the action had moved on. The White Swan Hotel, which is entirely Chinese managed, was difficult to distinguish in its service from the Western managed hotels in Peking and Xi'an.

Canton's Garden Hotel, indeed, was exploring new heights of Asia-Capitalist style. It offered us a nouvelle cuisine banquet. In a pale blue Louis XVI setting, heavy with golds and chandeliers. As the maître-d'entend the coming course, it seemed that Dynasty had arrived through the now open door in this historic port of China.

class. It is a cooking experience," insists Leveque. The price is \$300, but that does include the meal, wine and a chef's jacket to take home.

IF YOU want to be sure of the ferry reservation of your choice at the peak times of the coming summer it may be as well to book now. "There is an early rush of bookings and peak sailings are already filling fast," says Townsend Toberson.

BRIEFS

THE MOST expensive cooking lessons in the world? That may be the claim of the Working Kitchen scheme at La Rocelle, an eminent New York esterie. Chef Christian Leveque will play host in his kitchen, with the guests joining in the cooking, from 4 p.m. until close down. "This is not a cooking

Bold and buoyant in the Belmont



The Vauxhall Belmont 1800i GLSi Saloon. This four-door, big-booted derivative of the Astra GTE has a top speed of 124 mph.

AS THE ORION is to the Ford Escort, or the Jetta to the VW Golf, so is Vauxhall's Belmont to the Astra. In other words, it is a four-door, three-box saloon developed from the original hatchback.

Saloons derived from hatchbacks always feel bigger, better and quieter cars. It must be something to do with reducing the scope for noise amplification within the body by shutting away the luggage space from the passenger compartment.

The Belmont, which goes into the showrooms on January 15, will intensify competition in an already hotly-contested market. Apart from the Orion and Jetta, its rivals will include the Renault 9, Fiat Regata, Rover 200 and Japanese cars like the Toyota Corolla and Nissan Sunny saloons.

Although a saloon, the Belmont has two typical hatchback attributes. The boot lid extends right down to the bumper, so that loading something heavy and bulky is not a back-breaking struggle. And the rear seat backs are split and lower horizontally, allowing long objects to be stowed inside the car.

There is just one body style. It is agreeably wedge-shaped, with flush-fitting front and rear scoops, and an extra window in the rear quarter to make the interior more light and provide very good all-round visibility.

The equipment levels are generous. Useful items like quick-release front seat headrests, a buzzer to warn that headlamps have been left on, and a four-speaker radio/cassette, are standard.

On all but the cheapest models, the buyer gets a tilt-adjustable steering wheel—why cannot all cars have this inexpensive but most desirable

the thump from the 80 series tyres was pleasantly muffled. Steering, gear shift, clutch and brakes were light to operate.

Switching from the bottom of the range to the top model, the 1800 GLSi, showed that there are always snags involved in increasing the performance potential of a car in the Belmont's price class. Obviously, acceleration is much more vigorous and the top speed considerably higher than the 1300 L's 105 mph, itself a reflection of excellent aerodynamics and light weight.

But the 1800GLSi suffered from what is known as "torque steer" under hard acceleration in first and second gears, the front of the car dodges about a bit, especially on damp surfaces. The steering was heavier, due to the use of wider tyres, and one was more aware of the engine. Power-assisted steering is an optional extra.

On a deserted minor road through the Esterel Massif, with views of snowcapped alps and sparkling Mediterranean, the Belmont 1800 GLSi is an spirited performer. It sat down confidently through hairpin bends and cornered with only moderate rill and great security. A good car, I thought, for a would-be buyer of an Astra GTE who wanted something less overtly sporting and preferred four passenger doors.

On the autobahn, I was persuaded that Vauxhall's claimed 124 mph maximum is not unreasonable. The GLSi's high

1,000 rpm (in fifth) should make it an economical motorway car, with an official 43.6 mpg at 75 mph.

All the Belmonts, to judge by the official figures, make a little fuel go a long way. Naturally, the 1.6 diesels, which are reasonably self-effacing, win hands down in urban use at moderate speeds. With the optional five-speed gearbox, the 1600 D does 41.5 mpg in town, 65.7mpg at a constant 56 mph, 46.3 mpg at 75 mph. An average of more than 50 mpg would be possible in day-to-day use, providing the motorway limit was observed, because diesels never give their best when driven hard.

The most economical petrol-engined Belmont, the 1300 with optional five-speed box again, should give any sensible driver at least 40 mpg.

I also tried the 1600 GL high geared like the 1.8 litre injection engine car and at least as pleasant to drive despite having a little less urgency when accelerating.

Prices start at £6,210 for the 1300 L and go up to £8,095 for the 1800i GLSi. Though obviously aimed at giving Ford and other rivals a hard time in the all-important fleet market, the Belmont will appeal to many private owners who prefer a saloon to a hatchback. Vauxhall reckons to sell 37,000 this year, 41,000 in 1987. Those figures may well turn out to be a considerable underestimate.

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DIVERSIONS

Ergonomically speaking . . . it's all due to posture

THOMAS JEFFERSON, one of the most illustrious of America's presidents, liked to work in an armchair with his feet up. Mohammed Mossadeq, premier of Iran in the early 1950s, had a habit of holding formal meetings while lying flat on a pile of soft pillows. John Opel, until recently the head of the powerful IBM empire, practised a peculiar modern fashion among big business barons; he worked upright, at a lectern.

Cars make a similar story. French manufacturers make seats which are voluptuously soft and embracing, with springs to match. The Germans prefer a harder, more spartan, feel. Human beings do not necessarily have to sit or lie down if they want to relax: Tasmanian aborigines unwind by standing on one foot.

All this goes to show that, in spite of intensive scientific research over the past 40 years, notions of what constitutes comfort remain culturally conditioned and highly subjective. There are some immutable principles, but not as many as the chair salesmen would have us believe.

Posture and comfort are just two of the many aspects of the putative "science" of ergonomics which is examined in an informative and entertaining exhibition on "Natural Design" which, with sponsorship from Philips, is now running at the Bollerhouse design gallery at London's Victoria and Albert Museum.

Starting with basic issues of perception, ending with the ambitiously-titled "Integration of man and machine", the exhibition provides an electric whistle-stop tour of the legibility of different typefaces; the optimum organisation of instru-

ments in a pilot's cockpit; the "samantics" of portable radio design, and the organisation of living and work space.

Along the way it allows one to learn ergonomics the hard way by scraping one's knuckles on some badly-designed door knobs; design one's own ideal seat back; understand why visual display terminals can create medical problems, and how these can be avoided.

Not for these latter-day Dan Dares the old-fashioned joystick, with its hydraulic and mechanical controls. Instead, they will fly us through the skies with the aid of an ultra-sensitive "stick" which responds to minute deflections of the wrist. As if this were not daunting enough, the exhibition also shows a "bio-cybernetic" pilot's helmet of the future, which will measure the brain's activity and translate its electrical impulses into commands.

Within 10 years, says the catalogue, piloting technology will be able to register the captain's thoughts and act upon them. Heaven help us if his minds strays to what he had for dinner last night, or the ski jumps he plans to practise tomorrow.

On a more down-to-earth and reassuring level, the exhibition provides a useful checklist of basic ergonomic questions which should help the discerning customer to assess almost any sort of product. Is it safe? Is it comfortable? Is it efficient? And is it robust, reliable, convenient and attractive? In other words, is it well designed?

*Open daily except Friday's until February 27.

C. L.

Notions of ideal posture and comfort are highly subjective, and the diagnosis and treatment of back pain reflect different medical opinions and practice.

Christopher Lorenz and Joy Melville report



EVERY DAY, about 88,000 people in the UK are off work with back pain—and complaints received by the Back Pain Association indicate that not everyone getting orthodox medical treatment is happy with the result.

There are two main alternative choices: osteopathy and chiropractic. Osteopathy was founded by Dr Andrew Taylor Still in 1874 and chiropractic in 1895 by Daniel Palmer.

Dr Still—impressed by the drugs used in orthodox medicine after losing three children from spinal meningitis—finally concluded that displacement of the spine was the major cause of most diseases.

As a further check, I made an appointment at a chiropractic clinic. The founder of chiropractic, David Palmer, maintained that when any part of the spine is displaced, this traps the nerves leading from the backbone and stops the brain sending signals to organs in the body and vice versa. Ultimately, the trapped nerves cause irritation and illness. Chiropractors usually examine the spine by X-ray or a diagnostic instrument which reveals spinal abnormalities by registering different heat temperatures. They also watch how you move. To realign the vertebrae, they use "high velocity (ie, short sharp) thrusts".

I told the chiropractor exactly what I had told the osteopath. He asked me to walk across the room, then sit. He didn't bother with my medical

face down, sideways, while he probed, kneaded and stretched bits of me. I coughed, and breathed in and out, with crossed and uncrossed arms, while sitting, standing, sitting. I moved my neck around in circles, bent backwards, bent sideways to the left and right. I tried—and failed—to touch my toes. I put my hands on my head and swayed to the left and right. He tested the reflex actions of my arms and legs and made a sketch of my spine.

I sat down while he told me his conclusions. There was nothing pathologically sinister, he said. But the muscles high up in my back were "irritable", and tended to go into spasm if touched too briskly. He thought that some teenage episode was behind this. If my back was ever particularly painful, he said, I should SOS him; but there was no immediate need for regular treatment.

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ALTERNATIVE HEALTH

treatment depends so much on what the problem is. The Back Pain Association stresses that it's always wise for people to see their GP first before trying alternatives.

The medical reaction to osteopathy and chiropractic ranges from acceptance to hostile. The entry for chiropractic in *Ergonomic Guide to Family Health*, for instance, states: "Chiropractic is based on the false theory that most diseases result from abnormalities of the spine."

It is certainly essential to get a reputable, trained practitioner—the Back Pain Association gets complaints about osteopaths and chiropractors, too. But it is also worth keeping an open mind about them. I was glad I went; and if I have the courage to face that chiropractor, I will go again.

COST

I PAID £10 for my visit to the osteopath. The price is the same for each subsequent visit. The General Council and Register of Osteopaths 1, Suffolk Street, London SW1, will give a list of your nearest practitioners.

I also paid £10 to see the chiropractor who charges the same for later visits. A list of chiropractors can be obtained from the British Chiropractic Association, 5 First Avenue, Chelmsford, Essex.

The Back Pain Association's branches (head office, Grundy House, 31-33 Park Road, Teddington, Middlesex) will give general advice on back pain. All the above require large stamped addressed envelopes. J. M.

Adding a sparkle

THE POPULARITY of sparkling wines has increased dramatically. Over the past 30 years, sales of champagne have risen from less than 85m bottles a year to 200m. Even in France and Italy where wine consumption is on the wane the demand for sparkling wine has risen.

It is generally accepted that sparkling wine began in Champagne, where the local wine naturally fermented in bottles, although this has been challenged by Blanquette de Limoux, produced at the other end of France near Perpignan. Nevertheless it is agreed that the sparkle occurred or was induced in the bottle. What became known as the *methode champenoise* spread to other parts of France, notably to Saumur, and then to Italy, Germany and Spain.

In 1910, a scientist, Eugene Charmat, devised the *cuvée close* method. Yeasts and sugar are pumped into a tank full of still wine. This speeds up production enormously and short circuits the maturing period that, for a fine champagne, should be at least three years. But the great proportion of sparkling wines made by the "tank method" is, at best, somewhat neutral in flavour.

Champagne has been fairly successful in protecting its name and authenticity. It remains vigilant. In the Treaty of Versailles, it succeeded in preventing German *sekt* from being called champagne. In 1948, it stopped Italy from doing so. General de Gaulle made a gentleman's agreement with the Russians not to label their sparkling wine *champanskii*, and the Spaniards were beaten off in Britain in the "Spanish Champagne" case in 1960. The New World has proved a harder nut to crack. A still unresolved court case has been fought in Canada for nearly 20 years. The U.S. and Australia cannot legally be prevented from labelling their wine champagne, though the more reputable producers do not.

Nevertheless, the growth of sparkling wine drinking is of great interest to the Champenois. After all, its consumers might move up-market to "the real thing," and it exposes champagne to competition. Before the last world war, less than 100 million bottles of sparkling wine were produced, one third of it champagne. By 1984—a record year for champagne sales—its proportion was down to 12.4 per cent.

These figures are taken from a very interesting survey recently published by the Comité Interprofessionnel du Vin de Champagne in Epernay. It looks at the sparkling wine production between 1979 and 1984. In these five years, world output rose from 1.2 million champagne production rose from 185 million to 188 million.

The report reveals that 17 countries made significant amounts of sparkling wine, 12 of them European, three in the New World (not including Canada). In 1984, all but 300m bottles were produced in Europe. The six principal producers, all European except the US, made nine-tenths of the total output. These six, with their output per hectare, are: France (355), West Germany (250), USSR (250), Italy (185), US (165) and Spain (120). The runner-up was Australia (49).

French non-champagne sparklers are advancing. Between 1979 and 1984, production of *pins mousseux* rose from 160m to 187m bottles.

THE origins of chess are shrouded in legend: its invention has been credited to a score of countries from ancient Egypt to Wales, and to individuals as various as Aristotle, Xerxes and King Solomon. Prevailing modern opinion, however, is that the game originated in India where it was known as "chaturanga", signifying "quadripartite".

In the earliest form, four players each occupied one side of the board, with eight pieces—king, elephant (bishop), horse (knight), ship (rook) and four foot soldiers (pawns). The players on opposite sides of the board were teamed against the others and the pieces were moved according to throws of an oblong die. About the sixth century, the four fighting forces were combined into today's two forces of 16 pieces each. Not until the late 15th century, however, were the modern powers of the pieces settled. By this time the game had spread eastwards and, via Persia and Islam, westwards to Europe.

Caxton's choice of *The Game and Playe of Chess* (1474-6) as his second English publication indicates the popularity of the game although, disappointingly, the book was a moral parable rather than a manual for players. In the 16th century,

international contests like the meeting between the Spanish master, Ruy Lopez, and Giovanni Leonardo da Cutri of Italy excited great interest and high emotions—which might explain da Cutri's subsequent murder by poisoning.

During the same period, the 14-year-old "Il Calabrese" became the world's first recorded chess prodigy. The most famous 18th century player was Wolfgang von Kempelen's "automaton", which defeated Napoleon and Catherine the Great but turned out to be operated by a dwarf chess master hidden inside the machine.

Many more curiosities of the game are brought to light in Victor Keats' handsome new *Chessmen for Collectors* (Batsford, £35). A useful, comprehensive guide to the history of chess pieces, it is arranged by geographical regions and describes and illustrates upwards of 300 representative sets ranging from the 17th to the 20th century; and from carved ivory and Meissen porcelain to contemporary designs in glass or wire.

The book is a mass of information; regrettably, it is not always well organised but tends to lurch backwards and forwards in its chronology. It would have been nice, too, if the early illustrations of chess pieces cited in the text had been reproduced.

There are chess sets to suit all pockets, although the really serious collector nowadays needs a deep one. Some of the finest and most elaborate of all were those produced in India in the 17th-century and 18th-centuries. The arrival of the British colonialists brought the ivory carvers a rich new patronage, and a flourishing export trade in chess sets grew up. The carvers were not too awed by their patrons and portrayed opposing chess pieces as native princes and the British East India Company men; in tribute to John Bull, as the

Collecting

A quiet mating game evolves

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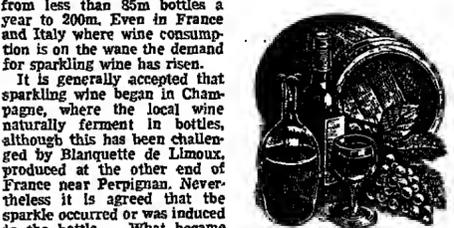
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John Company; such pieces still are identified as "John sets". Indian ivory chess sets varied widely according to region, from the sophisticated carving of Delhi and exquisite filigree of Kashmir to the sturdy, primitive carvings of the central provinces.

The most fascinating chess pieces are those that, like the John sets, represent real historical adversaries. Some Indian sets depict the conflict of Sikhs and Muslims, or figures from the Indian mythology. Keats illustrates 19th-century German cast metal sets showing American Indians opposed to Puritans, Romans against the Barbarians, and Romans against the German tribes.

Wine



The *cuvée close* type increased by over 13m and the *methode champenoise* dropped by nearly 7m. Of the 167m non-champagne wines, the *cuvée close* type accounted for two-thirds.

Among the 54m bottle-fermented French sparkling wines made in 1984, Saumur and its associated Crémant de Loire produced 15m, while Crémant d'Alsace and Crémant de Bourgogne only represented 4m and 3m bottles respectively. Blanquette de Limoux, surpassed both of them, with 7m bottles. The Rhône's Clairette de Die achieved 5m bottles, but the other Loire sparklers, such as Vouvray and Touraine, only totalled 5m bottles between them, and Bordeaux Mousseux only 2m.

In 1982, Champagne's output was 220m bottles. When the extension of the vineyard is complete in the 1980s, output should reach 250m bottles, though, as this year has shown, among the other main producers, 96 per cent of Germany's *sekt* is made by the *cuvée close* method. Rather surprisingly, its 1984 output was 17m bottles less than in 1979. The Soviet production—developed as an alternative to vodka-drinking—was no less than 77m bottles up in 1979. This year, they are aiming for 270m. The "tank" method is used for 95 per cent of production.

Italian production has increased from 128m to 185m bottles. Every co-operative one visits there seems to have a sparkling wine programme. Fifty-one per cent of Asti Spumante, and 85 per cent is *cuvée close*. Just one-third are exported and, as the report remarks, the trade show "un très grand dynamisme".

US production increased by 53m bottles—48 per cent. Between 20 and 30 per cent is bottle-fermented, and 10 firms account for 90 per cent of the total. Spanish sparkling wine production has risen by about a third to 50m bottles. Seventy per cent is estimated to be fermented in the bottle or *cuvée close*, and five-sixths are produced by two firms. The Spanish increase owes much to the spectacular success of the *cuvée close* wines in the US, where 16m bottles were sold last year, compared with champagne's 11m. In Britain, they have achieved relatively little success, with only 3m bottles sold in 1984, compared with champagne's 10m. This is surprising as they cost little more than half the price of a grande *cuvée close* champagne, but they face steep competition from the *cuvée close* sparklings, with which they appear to be associated in the public view.

Following these good results, many more organisers have been persuaded to give oppor-

Chess

1985 PROVED a landmark in the efforts of women chess-players to gain credibility as potential rivals to male grandmasters.

Pia Cramling, now 22, of Sweden, and Zsuzsa Polgar, 16, of Hungary, defeated GMs and finished high up the tournament tables at the very strong New York Open, while woman world champion, Maia Chiburdanidze, 24, took first prize at Banja Luka and made an excellent impression in competition with leading British men at Lloyds Bank in London. Earlier Crampin defeated Viktor Korchnoi.

Following these good results, many more organisers have been persuaded to give oppor-

unities to the three ladies in prestigious all-play-all invitations. Pia Cramling is currently taking part in the Hastings Premier—only the third woman to be so honoured in the history of the event. Zsuzsa Polgar has just completed in the Czech international championship.

Last autumn Polgar appeared somewhat overplayed—her results dropped off following a series of hard events—but following a rest she is now back in form. She already has enough confidence to play for a full point against men rated far above her. She has defeated two GMs ranked in the world's top hundred, and last month in Czechoslovakia made a further advance by a victory over Jan Smejkal, No 25 on the FIDE international list, who overstepped the time limit.

Certain male GMs find the three women psychologically "difficult" opponents, and adopt unusual strategies against them. In this week's game, for example, Black is a respected Czech Olympic player, but appears obsessed by the idea that a negative waiting policy will induce Polgar to blunder. However she is an accomplished technician, using her space advantage to force the grand master into a progressively cramped position and, eventually, a lost endgame.

White: Z. Polgar (Hungary). Black: J. Lechtyanov (Czechoslovakia). Queen's Gambit Declined (Czech international 1985). 1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-Q4; 4 N-B3, B-K2; 5 B-N5, Q-NQ2; 6 P-K3, P-B3; 7 R-B1, Q-Q; 8 B-Q3, P-QR3. Conventional is 8... P-P; 9 BxP, N-Q4; 10 BxP, QxP; when Black draws by careful play but has few winning chances. 9 P-B5, R-K1? Definitely an error, allowing White to penetrate the weakened Q-side. The temporary pawn sacrifice 9 P-K3; 10 P-P, N-K1; 11 B-KB4, N-BP is the right plan. 10 B-KB4, N-K4; 11 Q-Q, P-KN3; 12 P-KR3, N-B; 13 P-N, B-B1; 14 Q-B2, B-N2; 15 KR-K1, N-B1; 16 N-QR4, B-O2; 17 N-N6, R-N1; 18 P-QR4, Q-B2; 19 P-N3, P-B3; 20 K-R2, Q-R1. While White has systematically reinforced her position, Black's pieces have congested on the back ranks. Late in the day, Black decides to break for freedom by P-K4, but this advance should be prepared by R-K2 and Q-R-K1. 21 Q-B3, B-B1; 22 R-K2, N-Q2; 23 NxP, R-N2; 24 QR-K1, P-K4; losing a pawn, but if K-B2; 25 P-QR4 and White infiltrates by P-N3. 25 B-PxP, P-P; 26 NxP, N-N; 27 P-N, R-K2; 28 P-B4, R-KB1; 29 Q-Q4, R-R1; 30 P-KR3, Q-Q2; 31 K-N2, Q-K2; 32 R-KB2, P-KR4; 33 Q-N2, R-K2; 34 Q-B2, R-K2; 35 R(1)-KB1, K-R3; 36 P-B5. White has regrouped, centralised and logically prepared this decisive advance. If now 38... QxP; 37 Q-Q3, ch, R-K2; 38 P-P, ch wins. 38... P-P; 37 BxP, RxB; 38 RxB, RxB; 39 QxR, QxP; 40 QxQ, BxQ; 41 R-B7, R-N3; 42 RxB, K-B4; 43 K-B3, P-Q3; 44 R-KR7, K-N3; 45 R-R7, Resigns. The overall impression from this game is that White is the GM and Black the inexperienced master. PROBLEM No. 601 BLACK (9 men) WHITE (10 men) White mates in two moves, against any defence (by A. Casa). Several carrier solvers praised the obscure white key to this tricky problem. SOLUTION PAGE XIII Leonard Barden

Edmund Penning-Rowse

Arthur Hellyer

Gardening

Try a bit of graft

For more than half a century, M9 was the apple rootstock considered to be the most dwarfing kind that also was practicable. M9 will reduce a very vigorous apple, such as Bramley's Seedling, to around 10 ft and, in some varieties, to around 6 ft. It has been used chiefly as a stock for single stemmed cordons and for miniature pyramids, and it is still the best for these purposes if both soil and cultivation are good. If there is doubt about either, it would be wise to go up one or two places in vigour and choose M26 or M106 as the rootstock.

It is a pity that this mode of designating rootstocks in no way indicates their relative vigour. "M" stands for Merton or Malling, the two places where the stocks originally were raised or selected, and the figure is simply a serial one given as they were identified.

No other kind of fruit—nor, for that matter, any other plant I know—has such a range of vigour in available root stocks, although that might be simply because none has been as thoroughly researched. However, the list of rootstocks for cherries and plum gradually is being extended and the most dwarfing stock for cherries now is Colt, which seems to have taken over the market com-

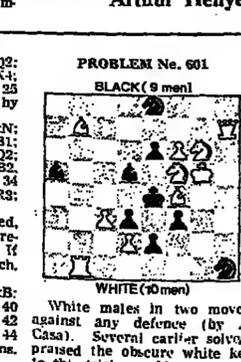
pletely for garden trees. It will reduce to around 15 ft a cherry that normally would be 20-25 ft at maturity. Another foot or so can be cut off by a technique known as double grafting. Instead of the scion being grafted straight on to the rootstock, a short length from yet another variety is first put on it and the required cherry on top of that. In this way the sap rising from the rootstock is filtered through an intermediary stem and, in some mysterious way, is changed. If the right intermediary is chosen, the result will be reduced vigour and a smaller tree. The only firm I know is using this technique, and offering extra dwarfing double grafted cherries to the public is Deacon's Nursery at Godshill, Isle of Wight.

For many years the least vigorous rootstock used commonly for plums was St Julien A, but now a much more dwarfing variety is available named Pixy. This will reduce a normally 20 ft plum to 10 ft and make it bear in about its third year. It is a considerable step forward and another fine piece of breeding by the East Malling Research Station. Pixy is also being used as a stock for peaches, nectarines and apricots.

Arthur Hellyer

Edmund Penning-Rowse

Arthur Hellyer



Leonard Barden

• DIVERSIONS •

Knit your own designer sweater

JANUARY IS not usually the cheeriest of months. Marred by what my children call post-purchase depression (and if you are not suffering from it you have obviously had a wiser, more sensible Christmas than I did), it is a long time to the next pay cheque and the next legitimate indulgence. But it need not be all gloom—if you are feeling poor, cold, but energetic, you could cheer yourself up by starting to make your own designer sweater.

True, it will require some initial outlay. You can quieten your conscience by reflecting thoughtfully that you really are saving yourself about three-quarters of the price it would cost ready-made, and that all the effort you are going to put into it deserves some reward.

What I wanted to offer How To Spend It readers this New Year was a really gorgeous sweater, soft, luxurious, entirely different in kind from the classic chain-store numbers that form the backbone of most wardrobes. Who better to ask to design it than Sandy Black? Her creations have long been admired by those with a weakness for such things. They are mostly sold in up-market boutiques with very up-market price tags. How To Spend It readers can make one of her designs for very much less.

Sandy Black came up with the richly patterned, soft, wonderfully light sweater photographed and sketched here. It is only available in kit form—that is, the pattern and all the necessary wool are sold as a complete pack.

The kit is offered in two different price ranges. The most luxurious, the most desirable, is a combination of pure wool with soft 100 per cent angora at £99.50 (if the price makes you cringe, let me assure you that Sandy Black's sweaters in similar wools are selling, and selling fast, at about £400 in the shops). For those who cannot afford that sort of outlay there is a cheaper version, using a combination of pure wool with 100 per cent cotton chenille at £39.95. The angora design has a marvelously soft and fluffy air to it. The chenille one has more of a matt, velvet-like effect.

The choice of colours for both kits is very similar—soft, donkey brown twined as the background colour, tinged with subtle flecks of mauve, brown and green. The rosette patterns are in four drabby-pastel shades—pink, mauve, green and beige. It is the sort of sweater that you can wear casually over jeans or cords or wear it over a slinky skirt or cropped trousers to all but the grandest of gatherings.

The apparently intricate design is based on a simple all-over pattern of circles cleverly arranged and coloured to form individual rosettes. The basic stitch is a very simple one—the sweater itself is knitted entirely in stocking stitch—so everybody except complete beginners should be able to complete it. The edgings and collar are worked in a diagonal rib. There are deep ravel sleeves and because the sweater is in fashionable large and generous mood there is just one size which should fit everybody up to size 40 inches.

The kit, available at the prices given (£99.50 or £39.95), has been organised with the help of Rie's Wools of Holborn, London WC1, one of the most interesting and enlightened wool shops in Britain. The complete pack includes a woven label to give the sweater a final professional touch. You can either order by sending a cheque to Rie's Wools made payable to Rie's Wools of Holborn, or there is a 24-hour answering service and you can order by quoting your American Express, Visa or Access card number over the tele-



Sandy Black's exclusive design, available in kit form to How To Spend It readers. Wear it casually with jeans or cords, or team it with a slinky dark skirt or a pair of fashionable cropped or "ski" trousers and you can wear it to all but the most formal of gatherings. View from Monday at Rie's Wools, Holborn



(This should be particularly helpful to overseas readers.) If you would love to own the sweater but feel that your skills or will-power may not be up to the task (Rie's Wools estimates it will take between three and six weeks' knitting time), Rie's Wools run a band-knitting service, for an extra £90 (in whichever version you choose) the sweater can be knitted for you. If you would like to see the sweater before you embark on the project it will be on display from Monday at Rie's Wools of Holborn, 242-243 High Holborn, London WC1V 7DZ (less than 100 metres from Holborn Underground Station). Open Monday to Friday, 9.30 am to 6 pm and on Saturdays from 9 am to 4 pm. Telephone: 01-242 7721. The kits will be dispatched in strict rotation but you must be prepared, at worst, to wait up to 28 days for delivery (the earlier orders will be dispatched must faster). Good knitting!

Lucia van der Post
HOW TO SPEND IT



Sketched above, left to right: Conture's Charmaine Print tights. In a range of colours, they are 30 denier 100 per cent nylon, and are available at £3.35 from most good hosiery departments and from The Sock Shop branches. Seams have made a comeback—shown here are Jonathan Aston's tights with a rosette at the ankle (best in black in my view, but they also come in other colours), 15 denier, £7.99 from The Sock Shop branches. Nina Ricci's richly floral design on a background of dusky pink with misty blues and greys, £7.95 from Harrods of Knightsbridge, London SW1 (p+p £1.10).

Mary Quant's dark red, blue, beige, gold and black flowered tights, 30 denier, £4.99 from good hosiery departments and The Sock Shop branches. Another Mary Quant design—this time 15 denier in a Paisley design. Background is dark red, Paisley is in dark blue, black and green, £4.99 from stores and The Sock Shop. For the designer-conscious—Missouri tights in purple, burgundy or green, 30 denier, £6.95 from Harrods of Knightsbridge, London SW1 (p+p £1.10). More designer tights—this time by Emanuel, £9.95, in black or red, from good hosiery departments including Harrods of Knightsbridge (p+p £1.10).

Fitted up with an eye to a leg

IF THE cold spell has caught you unawares and you are hoping, tentatively, reasonably according to me, entirely in judiciously according to the stores) that you might be able to stock up on some of winter's warmer accessories during the coldest months of the year, my advice is that you had better move fast. Once the January sales are over the theory seems to be that England becomes a tropical island—tiny bikinis, floating kaffans and sleeveless summer dresses blossom in the store windows. But if it's tights you want, something to keep you warm and flatter at the same time, you'd better buy them now.

Anybody with an eye to a leg will have noticed that tights are more than usually interesting this year. They are either thick and ribbed and textured, or they sport some dazzling piece of head-turning coquetry on the ankle, or else they are awash with paisley, tartans or florals. What they are not is dull.

There is now a proliferating range of manufacturers' names to look out for, with an increasing number of designer tights. Hermes has entered the market for the first time, taking its own feather design, which has graced so many regal heads on its scarves, to embellish the leg instead. At £15 a time (in tannish gold or dark blue) they may seem expensive, but compared with Fogal's pure cashmere ones at £53 a time (in all sorts of colours) they seem like a snip.

Fogal is a marvellous name to look for if you are having trouble finding the exact colour to match an outfit. There are well over 100 different colours (including an exacting shade of dark green called Bouleille which I tramped the town for until somebody told me about Fogal). The snag (there had to be one, if you'll pardon the pun) is that they can only be bought through Fogal's own two shops—at 35 New Bond Street, London W1, or 51 Brompton Road, London SW7.

The big challenge to tights manufacturers is fit: two rival fibres claim to have the last word on the matter. In one corner we have Lycra (Du

Pont's elastane fibre). Lycra supporters claim that tights with Lycra provide the best fit: no sagging or wrinkling. This good fit in turn means that they last longer (because there is a slight element of cling, Lycra tights do not catch or snag so easily). Lycra is now incorporated into several ranges of tights, including some Pretty Polly ones (possibly some of the best value around). The Marks and Spencer hosiery buyer is a Lycra fan. There are now three colours and three qualities of fashion tights incorporating Lycra in most Marks and Spencer stores (look out for Whisper Sheer or Dream Sheer—tights manufacturers, you will observe, tend towards the fanciful when christening their wares).

In the other corner we have a new Japanese polyester yarn, Chief purveyor of this yarn is Charnos with the Tender Touch collection—Charnos believes the fit and clingability is better than Lycra.

If you are looking for some of this season's most avant-garde, most interesting designs, several of them are sketched here. One word of warning, though—patterned tights are harder to wear than plain. They draw much more attention to the legs, so those whose legs are not their best feature might do better to stick to plain. Patterned tights, too, are much harder to co-ordinate with your clothes, so choose carefully, with the outfit you want to wear them with to hand.

As for me—you can keep the elaborate patterns, the tartans and the paisleys—my money will go to the first manufacturer I can find who provides me with a nice pair of ribbed tights in a good plain dark grey. It does not seem much to ask, Charnos with the Tender Touch but I have not found them yet.

Which clairvoyant for you?

SEVERAL READERS have asked which of my encounters with clairvoyants described in last week's How To Spend It I found most useful. All were different, each had its own merits; I think the most useful advice I can give to people seeking this sort of help with their lives is to consult an astrologer as well as a palmist or clairvoyant.

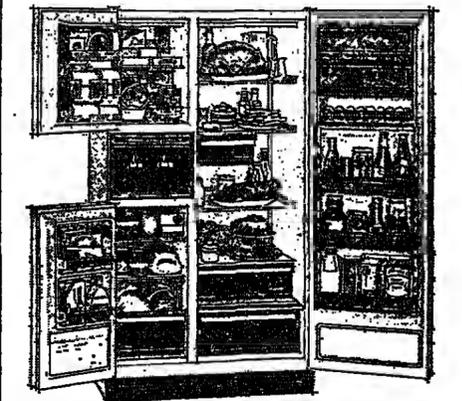
The palmists and clairvoyants gave me a much more literal reading of the past and future than the astrologer. How they work, nobody really knows; but good clairvoyants seem to have an ability to tap into the subconscious and the forward memory bank that is often astounding. Most of them have good intuitive skills, but differentiating between genuine intuition and imaginative licence is what separates the indifferent from the first-class.

I came away from both Mme Arno and Bettina Luxon with a distinct spring in the step—lots of the goodies were just around the corner. Peace, prosperity and happiness were within my grasp. But after a few hours a sense of reality (or pessimism?) began to bite me; I began to feel less sure that such golden opportunities could really come my way. On the other hand, both of them—Bettina Luxon in particular—had hit upon some past and present truths that seemed scarcely credible.

I came away from Marjorie Orr feeling that there was much more serious help for those with difficulties in their lives. The pointers are much less literal, the onus put back much more on to the individuals to make of their lives what they can, using the astrological patterns to understand the forces that govern them. Astrology is more and more being allied to Jungian psychoanalysis and Marjorie Orr frequently refers troubled clients on for short or long-term counselling. Certainly, after my brief encounter, I came away feeling I had greater insight into some personal difficulties, and a greater willingness to explore dark areas. (Bettina Luxon: 01-554 2646; Marjorie Orr: 01-435 2117.)

HARRODS SALE

Starts Wednesday 8th January 9am to 7pm
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Frost-free. Three-door 'Ice 'n' Water' refrigerator 15.99cu ft, 2 freezer compartments, 8.75cu ft. Adjustable glass shelving. 170x50x78cm. On rollers. Requires plugging.
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Interest-free credit £164.50 deposit and 9 monthly payments of £164.50 each. Total credit price £1,645

Fridge/Freezer Model TH14, not shown
Frost-free. Two-door refrigerator 10.92cu ft. Freezer compartment 3.23cu ft. Seven-day meat keeper. Energy saver control. 160x71x76cm.
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Major Household Appliances. Cooks Way Second Floor.
Carriage free over a wide area.
All reductions are from Harrods previous prices.

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Sale Opening Hours: Wednesday 8th January 9am to 7pm.
Thursday 9th January to Saturday 18th January 9am to 6pm.
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Wednesday 9am to 7pm. Saturdays 9am to 6pm.

SALE IS NOW ON AT 6/7 NEW BOND STREET
Ladies' and men's fashion and all leather goods greatly reduced
e.g. ladies' boots were up to £170 now to clear from £50

WINTER BURGHUL SALAD

Summer salads of burghul are usually fragrant with fresh mint, a commodity in short supply at this time of year, but a combination of lemon, watercress and spring onions gives this version a good fresh flavour and an attractive green-flecked appearance.

Squeeze the juice of a smallish lemon into a measuring jug and add enough water to make

Cooking Fresh and fragrant

1 pt. Bring the mixture to the boil with 2 tbsp virgin olive oil. Tip in 7 oz burghul wheat (or bulgar or cracked wheat as it is sometimes called). Immediately draw the pan away from the heat. Stir well and continue to stir occasionally as the mixture cools, during which the grain swells and becomes tender as it absorbs the liquid.

Trim a small bunch of spring onions and discard the coarse stalks of a bunch of watercress. Put the good parts of each into a blender or food processor and reduce to tiny green flecks. Stir the greenery into the cooled burghul and season well with salt and pepper. Add a little more lemon and/or oil if you think the burghul needs it.

Pile the burghul on to a shallow dish for serving and garnish to taste. I sometimes add clumps of watercress and surround the wheat with slices of avocado, carefully peeled and brushed with lemon. Slices of kiwi fruit also look pretty as do carefully-peeled segments of pink grapefruit.

and made additionally piquant by a little ginger juice. (Crush a slice of green ginger in a garlic press to squeeze out the juice.)

Slice, steam and dress 1 lb courgettes in exactly the same way. To serve, arrange the mangoutout like a sunburst on a flat serving dish, pile the courgette slices into the centre and scatter the whole dish with a little zest of lime. A handful of lightly toasted pumpkin seeds can be added for good measure.

PEAR SALAD WITH WALNUT RICE

Cook about 6 oz rice and dress it while still warm with a vinaigrette made using walnut oil and a good splash of soy sauce. Mix in 1 lb chopped walnut kernels and leave until cold.

Peel, core and thickly slice 4 perfectly ripe pears. Brush them with tarragon vinegar to prevent discoloration, then put them into a bowl containing about 4 tbsp each mayonnaise and Greek strained yoghurt, beaten together with about 1 tsp of walnut oil. Turn the fruit gently to coat it all over.

Arrange the cold rice in a ring on a dish. Pile plenty of watercress into the centre.

Arrange the pears on top and spoon any leftover mayonnaise sauce over them. This is very good in its own right and goes well with cold poultry and gamebirds.

JADE AND IVORY SALAD

Pretty and fresh tasting, this is a good accompaniment to cold roast gamebirds or turkey. Delicious, too, when simply served with a rice or burghul salad.

Steam 1 lb mangoutout until barely tender, so that they are still slightly crunchy and retain their beautiful colour. Plunge them in cold water to arrest cooking, drain well and pat dry with kitchen paper towels. Dress them while still warm with a vinaigrette made using fresh lime juice instead of vinegar

Put about 3 oz each whole cbcory leaves and frilly crisp lettuce into a salad bowl. Scatter

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LATE OPENING THURSDAY TILL 7.30. TOTTENHAM CT. RD.

BOOKS

Ross's boundaries

BLINDFOLD GAMES by Alan Ross. Collins Harvill £12.95, 301 pages

ALAN ROSS was brought up in India where his family on both sides had been part of the British community for generations. Ross remembers the twilight era of the Raj as part of the magical years of his childhood; he describes his parents' Indian servants who became his friends, and his early love of cricket which he has never lost. Before this book of memoirs Ross wrote a biography of Ranji, the Indian cricketer-prince. He was too young to see him play for Sussex before the first world war, but when Ross arrived at his prep school in 1932 in East Grinstead the county side, of which the boy soon became a devoted supporter, was captained by the nephew, Duleepshahi.

Soon Ross was knocking up runs himself for the school side and showing all the signs of turning into the classic pre-war English schoolboy hero, having discovered a father and mother substitute in the Rector of Ardingly and his wife with whom he stayed.

Then Ross went to Haileybury where once again he became the lowest of the low and in typical fashion was baited by a boy slightly older than himself, but Ross continued to win and to play and work hard at the nets. Now the Magnet or the Gem really takes over from history. On the day of the semi-finals of the house cricket competition he is belatedly sent for to make up a gap in the team. He is last in the order and when he finally reaches the crease, the house still need 35 to win against the holders.

I made all but three of them together in the highest partnership of the match. Since

I had taken two wickets in the few overs I was allotted in the Lawrence innings I returned walking on air and to much applause. After that triumph the tables were turned on his quondam tormentor: "He was seized and stripped. Floor was strewn over his skinny body, ink poured on him, and eggs broken over his face. Ross meanwhile is awarded his colours for cricket and goes on to make a steady stream of runs against the top sides from other public schools until he is ready to leave to join the Navy at the beginning of the war.

If Tom Merry — or better still A. J. Raffles — would seem to be the role-model for Ross at this time, there is an aspect of his character seriously working counter to the notion. This counter-influence to cricket-playing athleticism is poetic sensibility: the boy has developed an interest in poetry and the arts which threatens to become serious; he is not just reading quantities of poetry, but actually writing the stuff. He acquires a taste for French poets, Lamartine and Verlaine; the prospect of a modern language degree at Oxford swims into his sights.

Now you may say there is nothing particularly contradictory about a cricket-playing poet; what about J. C. Squire, or Edmund Blunden turning out for the TLS in the annual match against the Times printers at Haver Castle? True, but they were traditional Georgians; Ross was a modernist who read Auden and Day Lewis in the dormitory and would soon himself be contributing to John Lehmann's Penguin New Writing.

After World War II Ross took over, in fact, as a leading literary magazine editor from Lehmann. Even today he still edits the London Magazine, a somewhat nostalgic quarterly under his sway with one eye

looking back to the 1940s, and the other forward to what is happening to literature in those countries where cricket is seldom, if ever, played.

If he was going to be a poet, by rights Ross ought to have been a bland and charming versifier, a strawberries and cream sort of poet, but this is not the case at all. His verse is in the mainstream of modern poetry. He continued to study French and German poets at Oxford, where he went for two years while waiting to be called up into the Navy: it was his experiences on active service as a "headache, wireless operator" first, as a rating, then as an officer, that eventually released his poetic gift. His long poem "JWS1E," an account of a British Arctic convoy under fire from an overwhelmingly superior German force, seen from the vantage point of HMS Onslow, in part of which Ross was sealed trying to put out a fire, is one of the finest poems to have emerged from the war.

It is printed here in full together with many of Ross's war poems, inter-leaved between chapters of prose. These are not intended to form a complete autobiography; they are a series of memoirs, "the raw material out of which I write poetry." The prose account of the great naval battle in 1942, after which the ship's captain was awarded the VC, is every bit as memorable as the poetic version. Ross, whose other recent book was on war artists, has a painterly eye for the surprising detail as well as the detachment of a working painter in the midst of carnage and shipwreck.

In general the method adopted allows him to be much more selective in dealing with the events of his own life than is usual in this kind of book. He conveys the magic of India as it seemed to an impressionable child, both as it was in reality and also in his day-



Alan Ross: battle on the high seas

dreams through reading books like Yeats-Brown's Bengal Lancer. Once this Indian paradise was lost it was never recovered, even though there are compensations back in England such as watching Langridge and Jim Parks play for Sussex.

The Oxford section of the book is the briefest. Ross coincided at St John's with the Larkin-Ais generation of poets. He hardly knew them but a portrait is given of that eccentric undergraduate, Bruce Montgomery who turned into the detective story writer Edmund Crispin and whose detective Gertrude Fen is (Ross reveals) partly based on their French tutor, W. G. Moore.

The remainder of this enjoyable book deals with Ross's five years in the Navy. It is not all action stations by any means; we receive a strong whiff of

routine existence on the lower deck with Ross and his mates playing a game of "uckers," the four-letter dialogue accurately rendered. Then there are the hazards of life while undergoing the selection process to become an officer, afterwards interrogating prisoners and attending war trials.

Ross met some odd types in those days in the mess, including his bridge partner, Ronald Chesney (alias Donald Merrett) a drug-smuggler and murderer. Ross's account of him reads like something out of an early novel by Graham Greene. Is it heresy to say that after a brilliant performance such as Blindfold Games (Kipling's phrase) Ross is wasted writing mainly about cricket?

Anthony Curtis

Pioneer and settler

OUT IN THE MIDDAY SUN by Elspeth Huxley, Chatto and Windus, £12.95, 262 pages

THE KENYA PIONEERS by Errol Trzbinski, Heinemann, £12.95, 240 pages

WHAT A marvellous writer Elspeth Huxley is. Getting on for 80 years old and still turning them out, these extraordinary memoirs of colonial life, Out in the Midday Sun, this time more accurately subtitled My Kenya.

And what a Kenya it was. The colony of her early adulthood, revisited in 1933 after an absence of eight years and marriage into the Huxley family. She was back to write the biography of that awful old settler Lord Delamere, who had just died. The work was her first major commission, given to her by a publisher with a handshake like a limp fish—Harold Macmillan.

Actually Elspeth Huxley's Kenya must be familiar to millions by now, whether from her many previous books or the somewhat romanticised television version of The Flame Trees of Thika. What she is doing here is dotting the i's and crossing the t's, putting her earlier labours in their proper context. Fifty years ago, for instance, White Man's Country rather implied that Delamere must have been pretty cavalier towards his first wife, Mrs Mrs. Huxley can confirm it and a lot more besides.

She is also free now to discuss the more intimate side of the early frontiersmen, even down to their sexual preferences. The novelist Llewellyn Powys, farm manager to Galbraith Cole and cheerful seducer of black women: the old "bull virgin" Sir Vincent Glenday, impervious to feminine charm until he fathered three sons: H. B. Sharpe, a

bachelor District Commissioner whose entourage usually had room in his quarters for a winsome Somali youth or two. When proceeding along the Tana river, accompanied by his portable fridge, Sharpe always in a winking while the crew paddled away for all they were worth.

And Mrs Huxley is free as well to expatiate on the ills of modern Kenya, as she found them on a return visit in 1933. Education outstripping employment, the goal of a country TV in every hut unattained by the reality of land hunger, German tourists making love freely with local fishermen on the beaches. Half a century ago, when she was sitting in on Professor Malinowski's lectures alongside a dangerous student named Johnston Kenyatta, Kenya's future must have looked very different.

As indeed it must have done to the pre-1914 settlers of Errol Trzbinski's The Kenya Pioneers. No question then of education outstripping employment. There was plenty of work to be done—everything from felling trees and clearing scrub to the building of dams and the construction of irrigation channels—but no one at all interested in doing it. Why work for the white man's shiny rupee? Surds, beaten into ploughshares were one thing, but spears made out of melted down rupees were no use at all.

Yet the rewards were there, for those who did manage to find labour. Mrs Trzbinski tells of a man who won £10 in a card game in 1900 and accepted a plot of land up-country in lieu of cash. Half a century later that land was worth £50,000 and gone with the Wind had nothing on the way he lived now.

Not that it was ever that easy. There was plenty of hard graft in between, plenty of

doubt and despair. Everything had to be built up from scratch, with no help from anyone, no encouragement either. "How far is the town?" asked one early arrival at Nairobi station. "This is the town," they told him.

Undeterred, the settlers tackled up-country and pegged out their claims to land, literally, a stake. Provided no African was living on it, all they had to do was hammer in a piece of wood and send for the Government surveyor to draw up the boundaries. Then the buying began. "You sat on petrol boxes," Elspeth Huxley's mother recalled (she was the niece of one of our richer dukes), "your feet on dust floors inhabited by myriads of fleas, and ate the most divine things from Farnum and Mason."

And of course you dressed for dinner. Whenever he rode the 35 miles to Nairobi, where he was overseeing the building of the Muthaiga Club, Donald Sell-Smith always had his servant running along behind with a dinner jacket on his head. Truly they knew nothing of England, who only England knew.

All this Mrs Trzbinski tells us in a story that is inevitably familiar in its outline, though better researched here than elsewhere. She has had access to dozens of letters and unpublished diaries, some of them half-destroyed by white ants. She is a diligent member of facts, a quality combined unfortunately with a dreadful narrative style—pace the lyricism of Mrs Huxley—in which structural considerations have little or no place. Each paragraph of information is cheerfully tacked on to the next with scant regard for the whole, a confusing mishmash which makes for hard going in places. Old Kenya hands though, will find it invaluable as a work of reference.

Nicholas Best

From the Front

THE COLLECTED POEMS OF CHARLES HAMILTON SORLEY. Edited by Jean Moorcroft Wilson. Cecil Woolf, £9.95, 142 pages

A BIOGRAPHY OF CHARLES HAMILTON SORLEY. By Jean Moorcroft Wilson. Cecil Woolf, £12.50, 215 pages

IT IS 70 years since Charles Hamilton Sorley's death, an anniversary marked by the release of these two volumes in conjunction with a touring exhibition seen last year in The English Faculty Library, Oxford. Sorley has joined, finally, the institutionalised poets of World War One, thanks to the labours of Jean Moorcroft Wilson (in private life Mrs Cecil Woolf).

Such commemorations should bring the object of their admiration closer; but I was struck by how remote a literary epoch Sorley's war has become. The childhood photographs Wilson reproduces sepia tableaus of contented domesticity—reminded me, Cyril Connolly's dictum, that nothing dates people quite so much as their ignorance of the horrors in store.

And contented Sorley's brief life seems to have been. A secure childhood in Cambridge, where he inherited a professor. Bertrand Russell a regular guest at lunch, was followed by five years at Marlborough. Sorley was no Shelley tyrannised by Elton's philistines; he was popular with masters and boys, enjoyed the OTC and excelled at cross-country. This able biography shows how after winning an Oxford scholarship, Sorley spent seven happy

months in Germany, despatching many precocious journalistic letters; he returned with the outbreak of war. Despite his affection for Germany and his contempt for patriotism—he boasted that he had written the first unpatriotic poem since the war had begun—he enlisted. He died, a captain, a year later.

As there are fewer than 50 extant poems, any assessment springs from one regret: if only Charles had lived longer. The problem of thwarted promise confronts us. Hoping to impress with the later work, Wilson shrewdly relegates the juvenilia to the back of the collection.

At Marlborough, Sorley rejected orthodox Christianity. There was never a declaration of pantheism, but the school poems suggest a contact with the divine through the elements and nature, which he observed as closely as his idol, Hardy. One senses that a spiritual release is being sought from his sheltered life. (Although he found training as a soldier tedious, he preferred it to the regimen of school.) It is not surprising, then, that Sorley acquires a new poetic energy at the Front. Like Keats, he found death's imminence an irresistible literary stimulant; "poets have whitened at your high renown."

Death seems unflinchingly as the irrevocable divorce of body and spirit became an obsession and provoked three astonishing last sonnets. Here Sorley's reputation must rest, not as a War Poet (for in his finest moments he is not), but as a 20-year-old overtaken by the squalid accident of war and forced into premature acceptance of mortality.

Clive Fisher

A ceremonial blanket from Prince of Wales Island, south-east Alaska, showing the outline of a bear made from shells. It is one of the illustrations in "North American Indian Mythology" by Cottie Burland, revised by Marion Wood (Newnes Books, £7.95)



THE BOOK OF MUSICAL ANECDOTES by Norman Lebrecht. André Deutsch, £12.95, 382 pages

THE MAD Scientist and the Absent-Minded Professor are two stereotypes that have fallen out of fashion, but the Eccentric Genius is still cherished. Composers are expected to override common courtesies in the grip of their creative fire; musical performers are expected to be flamboyant and jealous. Callas pronounces an Tebaldi (whose style was more sedate): "What a lovely voice, but who cares?"

Norman Lebrecht's collection shows musicians in many other aspects, sometimes they are aware of what is today called their "stage" but not quite certain what to do about it. Mahler, having seen The Merry Widow with great enjoyment, wishes to recall one theme but will not lower his dignity by asking for a copy of such a popular work in the music-shop. Instead, he pines the shop staff with questions on the sales of his own music while his wife on his behalf surreptitiously consults the Lebar score. Leonard Bernstein tells the American

Allegro con brio

composer Ned Rorem: "The trouble with you and me is that we want everyone in the world to personally love us, and of course that's impossible—you just don't meet everyone in the world."

Selecting from the biographical literature of music over the centuries, Mr Lebrecht is stronger on composers than on performers, past and present. Menuhin is invoked for a story about Toscanini, Arthur Rubinstein for stories about Skryabin and Rakhmaninov, but the way in which Menuhin and Rubinstein themselves became such well-loved personalities is not illustrated at all, though sources are plentiful. The rich anecdotal crop in Hermann Klein's 19th-century memoirs, the personal recollections of such instrumentalists as Sargent and Tertis, the several books devoted to Kathleen Ferrier—none of these are quarried, nor the remarkable single-year auto-

biography by Janet Baker. Melba appears, but not her celebrated advice to another singer about to perform to "Sing 'em muck!"

The progression through the book is in date-order of musicians, with an alphabetical index and a listing of sources. Sometimes the target is uncertain: the anecdote about Mahler and The Merry Widow illuminates Mahler but is placed under Lehár—with no anecdote at all to represent Lehár himself! At other times the essential element of credibility (as distinct from certified truth) is lacking. Handel may have been a glutton, but we should not have been offered the story (even though it is an old one) that he actually ordered dinner for three and then berated the innkeeper for waiting for "the company."

The compilation is published in rather solemn form, even the title (The Book) seeming to claim a definitive authority which the subject hardly requires. A sharper, jollier presentation with a specialist to imagine the more bizarre incidents: would have been welcome.

Arthur Jacobs

Hours at Ham Spray

EVERYTHING TO LOSE: DIARIES 1915-1960 by Frances Partridge. Gollancz £12.95, 383 pages

THE STRACHEY LINE: AN ENGLISH FAMILY IN AMERICA, INDIA AND AT HOME FROM 1870 TO 1902 by Barbara Strachey. Gollancz, £12.95, 192 pages

FRANCES PARTRIDGE'S book is everything a diary should be: witty, personal, filled with description, reflective and stimulating. That it ends with a tragedy, the fatal heart attack of Frances Partridge's most loved husband, Ralph, might be expected to cast a terrible cloud of misery over the last years. In a sense it does. On the other hand, the book comes out 25 years later and is annotated and expanded by a woman who at the age of 85 obviously still finds much to live for.

This natural optimism is one reason why the book is so enjoyable. Here are no wailing pages of self-pity. Anxiety and pain are there, but always on behalf of others. Frances and Ralph Partridge are, of course, central to the book, but their friends have more than walk-on parts. One sees, through always sympathetic eyes, the troubled lives of Gerald and Gamel Brennan, Edward Sackville-West and Raymond Mortimer, Philip Toynbee, E. M. Forster and Cyril Connolly who, with Julia Strachey, is almost the only friend who comes in for a touch of criticism.

All these and many more come to stay at Ham Spray, Partridge house in the country, take long walks, sit in the garden, sit in front of the fire and talk, talk, talk. The misery of some of her friends causes

Mrs Partridge to question her own basis for life.

One entry describes how she abandons the hooks Connolly says she ought to like and returns to the "reality" of Madame de Sévigné's letters. "But what, I have been wondering, is the prop which sees the rationalist through acute misery and stress?" For Madame de Sévigné it was religion, but for the atheist what? I can only think that he clings to love and friendship.

"Love and Friendship" would have made a good title for the diaries. Work almost always takes a back seat. Frances Partridge herself was disappointed in her career as a biographer but took up a second career as a translator. Ralph writes reviews and some of the hooks Robert Kee flies round the world to cover political events but it is the people behind the work that fill the diaries.

Nor, in a general sense, is Frances Partridge uncritical of her circle. Reading Veronica Wedgwood's life of her cousin, Josiah, she meditates on the change of attitude in intellectual life since 1900.

Then work was paramount. Intellectuals were also idealists, optimists, enthusiasts; they believed in progress, freedom, justice, integrity. And now what? Since the Twenties, play has become more important than work, but instead of optimism there is disillusion and pessimism, cynicism, frivolity. Such a sad basic belief makes the warmth that emanates from the diaries even more remarkable.

Barbara Strachey ends her history of the Strachey family, The Strachey Line, in 1902 and her three hundred and fifty years of Strachey men (and one woman) might almost be Frances Partridge's idealists,

optimists, enthusiasts. The first is William Strachey, the "venturer" (1512-1621) who began as a poet and patron of theatre, but soon was off on mainly travels round the world. The most dramatic adventuring: threw his ship into the tail end of a hurricane which lasted for several days until they were washed up, alive only by a miracle, on Bermuda. Luckily the island was something of a paradise and they lived there for six months until they could build a new ship and sail off to America. The incident, brilliantly documented by William, was the inspiration of The Tempest.

Other, later Stracheyes, particularly in 19th century India, were less romantic. Sir Richard (1817-1908) and Sir John (1825-1907) made an extraordinary double act and indeed were known, not necessarily sympathetically as "The Strachey Raj."

In 1866 Richard became Secretary of the Public Works Department where he organised the irrigation and the railway system. Shortly afterwards, Sir John was made Finance Member of the Supreme Council. These were administrators, tough physically and mentally, who seem light years from the Stracheyes of Bloomsbury and after. Nevertheless, it was Richard and John Strachey (she was born on a sailing ship in storm off the Cape of Good Hope) who produced the 10 brilliant Strachey children, one of whom was Lytton.

Frances Partridge blames the First World War for the change in attitudes. Barbara Strachey is not writing a reflective book but her exciting and all too brief flash of history may be read as a telling preliminary to the world of Frances Partridge.

Rachel Billington

BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, ECHP 4BY. Telephone 01-248 8000 ext 4064. Order and payment for books should be sent to the publishers and not to the Financial Times.

- Discovering Animals Tony Soper... Living Isles Peter Cawthra... Kingdom of the Ice Bear Hugh Miles and Mike Salisbury... Number 11 Downing Street Christopher Jones...

Heroic chemist's life-story

THE PERIODIC TABLE by Primo Levi. Michael Joseph £9.95, 233 pages

A CHEMIST'S view of the world is unusual, to say the least. Primo Levi sees himself "unarmed and on foot," emerging from the laboratory to converse to the layman "the strong and bitter irony of our trade." Actually a good deal of what he describes is unpoetic. Here is lipstick which falls to stick for want of bird-time in it; and solidifying paint, and X-ray paper showing up what look like white beans, but only on a pertisan. He was arrested in 1943. "I was deported to Auschwitz. On account of my qualifications, he was put to work there in the slave factory which belonged to I.G. Farben and made various synthetic products. Surviving, he wrote, if this is a Man, a memoir which has taken its place in the literature of suffering.

Much more than a chemist, Primo Levi is also someone who has been through the totalitarian experience. Born in 1917, he grew up in the small and almost forgotten community of Piedmontese Jews, beautifully commemorated here. Fascism, with its racial laws, dominated his youth.

His first job was trying to extract nickel from the spoil of an asbestos mine, in vain fortunately, for the nickel would have gone to the Italian aircraft industry at war. Then a bizarre Swiss engaged him to work in Milan on curing diabetes according to the notions of a Nazified theoretician. The friend with whom he went mountaineering became a hero of the Piedmontese resistance, and he was brutally killed. Shyness prevented him from declaring to a woman his feelings of love.

Generally depicting himself as incompetent, even when a partisan, he was arrested in 1943. "I was deported to Auschwitz. On account of my qualifications, he was put to work there in the slave factory which belonged to I.G. Farben and made various synthetic products. Surviving, he wrote, if this is a Man, a memoir which has taken its place in the literature of suffering.

After Auschwitz (or Gulag, or genocide anywhere), nobody can quite recover sanity, one supposes. The Periodic Table proves that this is not so. A reticent man, Primo Levi says

David Pryce-Jones

JONAS HANWAY: FOUNDER OF THE MARINE SOCIETY by James Stephen Taylor. Seolpar Press, £20.00, 248 pages

JONAS HANWAY, if eclipsed perhaps by living in the age of Gibbon, Samuel Johnson, Burke and Adam Smith, was certainly, as depicted by Professor Taylor's thorough and scholarly record, a most remarkable man. Starting as a merchant traveller for the Russia Company, he became the leading 18th century philanthropist and founder of the Marine Society, but also a prolific author and pamphleteer, a Commissioner for Virtualising the British Navy, a political lobbyist and campaigner and a meticulous administrator of charities.

After some years trading for the Russia Company in Lisbon, Hanway organised an expedition to St Petersburg, the Volga and the Caspian to Persia in the hope of exchanging British woolsens for Persian silk. It ended in disaster and near-violence. But Hanway on return published the story in his "Historical Account," which, though prolix and 1,300 pages long, surprisingly became a best-seller by reason of its against the barbarism of child chimney-sweeps. In all this he

Man of vision

published a book or pamphlet almost every year for the rest of his life. His greatest and most lasting achievement, the Marine Society, sprang in 1756 from his characteristic twin desire to rescue starving, parentless children and supply much-needed volunteer manpower to the Navy. The Society was an immediate success. Some 15 per cent of Nelson's crews were later believed to have been recruited from it, and it has of course remained a leading maritime charity to this day.

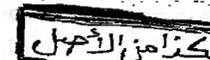
Hanway's other major ventures included work for the already existing Foundling Hospital, which for a time accepted—with a Parliamentary subsidy—any abandoned infant brought to it; the Magdalen Hospital for "penitent prostitutes"; the "Hanway Acts" of Parliament establishing the Guardians system for destitute infants, over 50 per cent of whom, previously sold, and a campaign less successful—against the barbarism of child chimney-sweeps. In all this he

used his continuing connections in the City and the Navy to collect large donations, to recruit influential "Governors" for his charities and to publicise his appeals. It is indeed a highly impressive record of sustained energy and multifarious activity by one man over more than 30 years which Professor Taylor records.

Known as a "Christian mercantilist," Hanway saw himself as working in the service of both Anglican Christianity and the growth of the British Empire. But he had original as well as orthodox views. He thought the Foreign Office too interested in diplomacy and not enough in trade. He deplored the tendency of the upper classes to despise commerce (by which men are united in love). He was the first "gentleman" to use an umbrella. When City men complained of high rates and taxes, he asked them: "If they did not spend their money as they gain, it would their revenues be so high as to answer the exigencies of the State?"

Certainly just 200 years after his death Hanway fully deserves such a first-class professional biography.

Douglas Jay



ARTS

B. A. Young remembers the best and the worst of a year's listening

Spare us the voice of the majority

THE CONCLUSION I have drawn from a year's listening more strongly than any other is that phone-ins are a waste of everybody's time.

There is a current argument that radio must be more accessible, that the listener must have more say in what goes on.

The examination of important figures is a matter important enough to be left to trained specialists.

to voice his own opinions? Opinions about current affairs, I mean, not critical judgments.

In the autumn he gave us a six-piece Star Wars History, also on Radio 3.

Radio 4, once free of the phone-ins, did some political programmes of comparable quality.



Sir Robin Day



Gordon Clough



Michael Quaritan



Brian Wylake

Peter Hennessy's series, The Quality of Cabinet Government.

There were a lot of anniversaries to celebrate and deaths to mark.

It has probably escaped the attention of most listeners, but

1985 was International Youth Year. It did not escape the attention of Radio 4.

Of the non-political features, I suppose the most publicised was the Colour Supplement.

could have devoted so much time and money to such driving triviality I cannot imagine.

But there have been some very good things. Radio 4 ran a series called Maharaj.

'ere we go' may be a folk-song, and those risqué numbers comically associated.

On Radio 1, to which I listen only seldom, there was a remarkable series, Drug Alert.

If I seem to have paid too little attention to Radio 2, it is because Radio 2 programmes are not genuinely criticisable.

meant to provide instant charm and calm, which my occasional visits tell me they do well enough.

And now the plays. The Voice of the Listener and I seem to agree in devoting most of our time to the drama.

Generally I expect to find the best new plays in the Monday evening slot.

too was Frederick Bradnum's Deceptions, which dealt with the danger of marrying by computer dating.

Saturday is mainly given over to thrillers of one sort or another, but others find their way in now and then.

Radio 3 gives us the best of the classical drama — there was a fine Uncle Vanya, for instance.

I do not write about music, though I would write about musicals if the BBC Drama Department gave us more.

Cinema

Hollywood's fallen angel

HOW ARE the mighty risen. Six years after a fall that many people thought would be as final or damning as Lucifer's,

Yet two or three years ago it was possible that Cimino would never direct again.

The book got favourable reviews in America and Britain, but Heaven's Gate insiders have already accused question marks over its accuracy and motivation.

But the most intriguing critic has been David Field. He was Bach's colleague and co-head of production at UA.

never took place. And he never mentions the extent to which UA President Andy Albeck got behind the movie.

Birth of a Nation it may have been. It was soon candidate for the title, 'Death Of A Studio.'

It all raises the question: Is there a place for ambition and vision in Hollywood movies today?

insisted that the film's debacle had merely basted, not caused, the collapse of an already troubled studio.

My hunch is that Cimino and Heaven's Gate, which I still regard as perhaps the most original and imaginative large scale film America has produced since the war.

scarcely blanches when 30 or 40 million dollars are spent on epic misfires by 'okay' directors like Coppola.

Compared to some of Mad Erich's extravaganzas, like insisting on silk underwear for his extras, even though the audiences would never see it.

But in the West Cimino is still the film-maker everyone loves to hate. If he did not exist Hollywood would have to invent him.

Two men dressed as pregnant women with huge enrobed bustles and sandbag bosoms meet at the source of a river.

as that in The Deer Hunter. No period Western town ever looked so dazzlingly authentic.

And the continuing wonder of that film is that its authenticity is so thorough that audiences reared on cliché — like the clipboard-and-sagebrush assembly kit that passes for a town in most Westerns.

Of course it is as vain to hammer on some filmmaker's consciousness, seeking a chunk of reason, as on a locked coffin. Of the American Press, who lately laid charges upon Cimino's Year of the Dragon.

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Dance

Sawdust pathos in the snowy season

SADLER'S WELLS Royal Ballet is installed for a customary winter visit in its home theatre, and is avoiding the usual baubles that decorate ballet's tree at this time of year.

The first of two performances I saw at the week's end was made memorable by David Bintley's reading of the tragic puppet.

Mr Bintley's every gesture here has the emotional weight of those hieratic statements made by great Noh actors.

As a note in passing let me recommend an exhibition in the upstairs bar at the Wella devoted to the Austrian free dancer Grete Wiesenthal.



Alastair Muir

sent under Bramwell Tovey's baton.

The closing Grand Pas from Pasquita stretches across the young soloists, but they respond with lively, whole-hearted dancing.

Clement Crisp

Obituary

Lord David Cecil's literary legacy

THE DEATH of Lord David Cecil on January 1 at the age of 83 deprives the literary world of one of its most enchanting practitioners.

David Cecil, who could trace his descent back to the first David Cecil, the 16th century MP and aberrant of Northampton.



life with shrewd points to make about both. This was always his method whether he was dealing with Lamb, the Bronies, Hardy, Max Beerholm (of whom he wrote a massive life in 1964), or Virginia Woolf.

his two volumes on one of Britain's most formidable Prime Ministers, The Young Melbourne (1889) and Lord M (1945).

Two men dressed as pregnant women with huge enrobed bustles and sandbag bosoms meet at the source of a river.

Theatre

Love of Palestine

THE PALESTINIAN theatre group El-Hakawati, based in East Jerusalem, is visiting the Almeida Theatre in Islington with The Story of the Eye and The Tooth.

In the end, though, this sort of ethnographic rough and tumble cannot survive on its local reputation alone.

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Solution to Chess No. 681 1 B-QN2 (Teat 2 Q-R4), 2 B-QN1 (Teat 2 Q-R4), 3 N-N3, 4 P-B3, 5 Q-K7, 6 N-N3, 7 N-Q6, 8 B-B2, 9 Q-B, 10 P-Q, 11 R-Q, 12 B-B2, 13 R-N4.

Saleroom and a review of recent videos appear on Page VI this week

MARLBOROUGH, 5, Albemarle St., W1. CHRISTOPHER COUCH — Oil Paintings. 8 Jan-7 Feb. Fully illus. cat. avail. Mon-Fri. 10-12.30, Sat. 10-12.30. 01-239 5161.

WEEKEND FT

Private View

The voices of power



MRS THATCHER took lessons to tailor her voice to suit the image wanted to project as Prime Minister.

In terms of self interest, MPs may well have been wise to reject the televising of Parliament until they have looked harder at the implications.

Another example is Dennis Skinner. No-one could forget that Mr Skinner was, for a time, a miner, but it is easier to overlook the fact that he went to Ruskin College, Oxford, is very widely read and a self-made authority on parliamentary precedent and procedure.

Take Mr David Penhaligon, Liberal MP for Truro, who has the good fortune to be possessed of a wonderfully rich West Country accent. It gets even richer on radio where you can almost smell the apples and hear the cows in the heath-land.

Mr Penhaligon is, in fact, as urban as they come. He has never lived on a farm and cheerfully confesses his near total ignorance of matters rural. He was initially baffled, shortly after his arrival at Westminster, to find himself much in demand on radio to comment on the intricacies of the Common Agricultural Policy, the frustrations of farmers and so forth.

Mr Penhaligon is a sophisticated fellow, however, and has looked after his voice, using it to develop and market a first class line in down-to-earth common sense. He is now more than ever in demand by the media, particularly on panels needing a foil for politicians who sound more ideologically committed and less, well, sensible.

On the other hand it may have been his voice, as much as his loyalty that stopped him from becoming Prime Minister. For by the time his chance, came, the person to match the voice—the Willie-Jams, the gaffes and the over-readiness to apologise for them—had developed beyond recovery.

Women politicians are less prone to this, largely because a few of them rise high enough in the political hierarchy to be a public image worth worrying about. But it is interesting that many of the Labour women who have done well—Barbara Castle, Betty Boothroyd or Joan Maynard—have started out with the advantage of first northern voices, and have developed a person-to-person style of plain talking, to disguise their femininity. Those such as Shirley Williams, Oonagh McDonald or Harriet Harman, whose educated southern voices provided no such cover, have had far more difficulty in getting themselves taken seriously, despite their not inconsiderable intellectual gifts.

Eric Heffer is another whose voice has helped saddle him with an image that has little to do with the man. There is a rough, gruff, grating sound that, together with the buzzard features, have established him in the public eye as one of the herd men of the Left—tough, aggressive and a bit of a bully. In fact, he is convivial, sentimental, vain, kindly eager to please, verging on ingratiating, and totally in thrall to his diminutive wife. The more macho image has had its uses, but it has on occasion pulled him into ludicrous posturings from which there could be no graceful retreat.

It is, perhaps, contradictions like these which have encouraged observers of the political scene to persuade themselves that Norman Tebbit to a gentle, cultured soul at heart, that Anthony Beaumont-Dark is really a shrewd and astute commentator, that the canine features of Clement Freud mask an engagingly funny human being, that Neil Kinnock is a good listener and that Winston Churchill is a chip of the old block. Hummmmm.

Margaret van Hattem

THE BOBBY megaphoned the mob: "Stay on the pavement," he cracked. The front ranks wavered, caught in mid-stride, leading feet hovering. "Please!" he threatened. They paved the air like liberty horses, took step back and immediately spilled forward a pace or two under the press from behind.

A battered Renault, its cowed occupants hunching together away from the windows, squeezed forward out of the congested side road and joined the motorised main stream in Oxford Street, London W1. A blue-cheeked piper in tam o'shanter and raggedy jeans trotted the frontage of Selfridges squeezing out a lament to discipline the crowd.

It was lunchtime on Monday at the peak of the winter sales season, and megaphones were in action everywhere. Inside Selfridges marshals hooped up the escalator shafts: "Stand on the right, keep moving on the left." The store's public address system chimed in for the chorus: "We have information that... stand on the... pickpockets... right... are at work..."

Lucky the pickpocket who could find a pocket full enough to the worth picking. Cash and flexible friends were spilling out on to every available counter. Even the top floor toy department was still going strong after the Christmas orgy.

Pensive types played computer chess, children moaned and were slapped. Everyone ogled a child-sized battery-powered Range Rover complete with stereo equipment, personalised number plates and a £3,000 price tag. Hardly a snip. Deeper into the store, all blink costs at 10 per cent off shimmered apparently untouched on the racks.

Deeper still, and the clamour rose. They queued 20 deep at the tills in bed linen, where less-than-decorous shoppers lurged into the racks. Fox-furred elbows dug into anorak-clad ribs.

Downstairs the mob was clearly practising for the renowned annual raid on the Harrods crockery department. The scuffing and muttering of the combatants were punctuated by the disconcerting chatter and ping of half-price bone china clutched in uncertain, chilled fingers. A glittering, gold-trimmed Minton tea service, stuck-together in a ugly little bundle, fetched only £28.50. A little further off through the jaccards and hard by the garden rakes, a Mr Lague of North London had found himself a pretty bargain at £138.95. Botticelli's Venus, a garden ornament crafted in death-white artificial marble, seemed somewhat humbled by the "Sold" label hung around her neck to

Credit squeezing

identify her new owner. Outside again, and the crowd churned on. The piper was now firmly squashed against Selfridges window, ranting Scotland the Brave. The bobby was commiserating with a cross cabbie. They queued 20 deep at the Barclays Bank cash dispenser across the street.

The Wimpy bar heaved, the queue control calls leading to the look of an abattoir cattle crush. By 2 pm, with the temperature stuck at freezing, the shoppers were still pouring in from east and west. Filtering down into svankzy South Molton Street, refugees from the main flow seemed driven more to congregate in tight bunches.

In Kemo Homme, black-clad handsome young salesmen peeped contemptuously out from behind the startlingly costly suits in their window display. Their shop was invitingly customer-free.

By 3 pm the press was peaking in Oxford Street. Women clamoured at a ground-floor counter selling cut-price hair sprays in D. H. Evans. The store's tie department, Get Knotted, had been ravaged. Upstairs in the TV department, disoriented disoriented men gawped as Robert Newton, Cap'n Flint wobbling on his shoulder, hammed his way through the climax of Treasure Island.

Sales

Credit squeezing

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Pieces of eight trickled through Benn Gunn's fingers, a clanking counterpoint to the unceasing sursuration of £10 notes and credit card slips.

While the battle in the West End appeared to have made long days yet to run, the scene in the south west London was utter desolation. The shoppers' army seemed to have swept through the fringes of the capital carrying all before it in preparation for the main advance on the canons.

The "Sale" tag still blew brazenly atop the Ardingly Ham Jubilee, but inside the store all was quiet. The home computer display appeared to have been cleaned out by the early waves, the artificial flowers and other display props all appeared to have been sat on. Upstairs a man with a clay hammer was tearing down Santa's grotto.

black shoes. "An arm reached down to extract a shiny-faced toddler from every where in the centre of town. In the relaxed, orderly atmosphere of Peter Jones, John Lewis's upmarket flagship, polite ladies exchanged politenesses with their polite acquaintances.

In the children's department, where the live youngsters were only barely distinguishable from the neatly-clad dummies, Benjamin sat up, bright-eyed in his prom. "Is he good?" asked one woman. "Yes, he's brilliant," enthused mother, fingering a boil-in-the-bag baby jumpsuit.

Every available chair and sofa in every Oxford Street furniture department seemed occupied by a heavily muffled figure clutching a waggling handful of bags and boxes.

Of Regent Street in the carpeted, panelled world of Liberty, a pile of small children obstructed the passageway into the basement—a highly piggyed heap of grey flannel coats with light velvet collars, rumpled beige tights and shiny

Christopher Parkes

Sport

Unacceptable face of rugby

As a result he was reprimanded severely by the Rugby Football Union, and resigned from the RFU's list of officials. But he was supported by the London Society of Referees, and has now returned to officiating in first division games.

There is nothing new about rugby violence. It was even creeping into schools matches in the late 1960s. And there is nothing new about people walking off the pitch in protest.

A schools "derby" in which I appeared in Yorkshire in 1970 became so violent that one of our forwards refused to take

any further part. He never played the game again. It must be said that many sympathise with Mr Crawford's view, perhaps fewer with the dramatic means he employed to draw attention to it. But he had a point to make, and he made it forcefully.

Rugby is a hard physical game. But it is an amateur game, and players have many other things to do with their lives. It is a game supposedly played for enjoyment in a spirit of friendly rivalry. It is "not a game for a bad sportsman," as the Barbarians' club motto says.

Yet despite these reassurances, the spectre of violence stalks the game, and there are moves clubs can make to eradicate it.

Let us make no mistake about it, many clubs have knowingly fielded dangerous, violent players for seasons—and yet protested volubly if the opposition resorted to the same tactics. It is called hypocrisy, and I'm afraid rugby clubs are full of it.

England got tough on violent play last season, banning from the international championship anyone sent off in a club match. This season it has been the turn

of Wales. Any player from the Principality who is sent off four times will be banned six days, and any club to have five players sent off in a season will be suspended automatically.

The new measures in Wales came into force in December 5, and they include a scale of punishments. A player who commits a second offence of fighting or punching will serve an eight-week suspension. A third offence leads to a 16-week lay-off. For a second offence of kicking or trampling, a 24-week ban will ensue, with 24 weeks for the third offence.

But if the public perception of rugby is not to be damaged permanently and if the decline in the number of schools playing the game is to be arrested, then clubs must stop carrying up for their dirty players and drop them—for good.

John Kitching

FT CROSSWORD PUZZLE No 5913

Crossword puzzle grid with numbers 1-30 indicating starting positions for clues.

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Tuesday, marked Crossword on the envelope. To The Financial Times, 10 Cannon Street, London EC4A 3DF. Solution next Saturday.

ACROSS 1 Set free in genuine act of recompense (5). 2 Chinese detective for example picking up the money (6). 3 Weapon found on way to toilet perhaps (8). 4 Mutilated object in sea (6). 5 Remember soldier's prayer? (8). 6 Some utter generalities and get the bird in return (5). 7 Rock singer (4). 8 Article about playwright's "Rope" (7). 9 Make good pictures to redecorate passage (7). 10 Finished higher in rank (4). 11 Comic having a good time (5). 12 Fee for drink (9). 13 One former Israeli leader is a Trollopean (6). 14 Delight at opening (8). 15 Strives to rest after writing letter? (6). 16 Unnecessary to point to rocks (5). 17 DOWN 1 Go to popular haunt (6). 2 Shakespearean fruit (6). 3 Perfect fish a beginner catches (5). 4 Simple and uncluttered (7). 5 Responsible for many shootings according to rumour (5-4). 6 Used to numbers of men losing direction in nature-trail (8). 7 Where lectures are given by politician on motor-car (8). 8 Cause stacking the trophies (4). 9 He puts case for a game soldiers tried first (9). 10 Old fighter a long time in the game (8). 11 Sally's flight without notice (8). 12 One right seized by the Spanish nobleman (4).

SATURDAY

Saturday TV and radio schedule including BBC 1, BBC 2, Channel 4, and various regional programs.

SUNDAY

Sunday TV and radio schedule including BBC 1, BBC 2, Channel 4, and various regional programs.

TELEVISION AND RADIO

Detailed TV and radio schedule for Saturday and Sunday, listing channels, times, and program titles.

RADIO

Detailed radio schedule for Saturday and Sunday, listing stations, times, and program titles.

Handwritten signature or note at the bottom of the page.